THE FINANCIAL POST

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The Nation's Business

Robb Helps Some
But is Not Real Tax Reduction
War Taxes Still Grow
Some Good Speeches
Customs and Excise Separation is Help

WHILE Mr. Robb has come in for some congratulation from the business community on his budget, it is not a satisfactory document. Keen disappointment has been expressed by executives that the taxation changes are so small; hardly large enough to bring about any substantial lightening of the taxation load, when the steadily enlarged revenue from taxation is considered.

On one point, there is universal commendation of the minister of finance. In bringing down the budget early in the year he helped to clear the business atmosphere for the balance of the year. Buyers have, in some cases, been moving slowly, in the expectation of a large cut in the sales tax and fearing tariff changes one way or another. The budget is now known and business transactions can be entered into with a knowledge of how they are going to be affected by taxation and tariff.

* * *

MR. ROBB has evidently chosen to pursue a somewhat cautious policy; not wishing to offend the West by a large cut in the income surtaxes; placating many groups by a small cut in the sales tax; helping out others by reducing some of the nuisance taxes (although why he left any stamp tax on cheques at all must remain a mystery, considering the small revenue that can possibly be gained under the new rates).

Business men feel that the minister of finance might well have gone further in the elimination of income surtaxes. The expenditures could have been cut to meet any loss in revenue, if any. The United States affords us ample precedent to show that such leadership in greatly reducing unduly high income taxes would have stimulated business in a way that would have benefited every part of Canada and no part more than western areas.

* * *

MKEBATE on the budget has MK brought out some speeches of a high order. Hon. James Malcolm and R. C. Matthews, one a Liberal and the other a Conservative, one a manufacturer and the other a financier, were particularly able in their addresses in the House of Commons. They discussed business problems in a common-sense manner and showed a laudable ignorance of the fact that the chief subject before Parliament, in the opinion of most of the members, is apparently the question of whether Byng or King ever changed their minds.

Mr. Malcolm reviewed the business situation and national problems. Mr. Matthews was exceedingly informative in discussing the redemption of the national debt and the burden of the income tax.

How different their speeches—and Mr. Robb's too—were from the hair-splitting controversy concerning the Byng-King correspondence! The Byng-King discussion is wasting a large share of the time of Parliament when there are more important subjects to be dealt with.

In any event, it is hard to see how either any political party can make any real capital out of the controversy. The Liberals will have to admit that King advised Byng to consult Downing Street, and then went to the Imperial Conference at London and took away the very privilege that he formerly asked Byng to exercise. And the Conservatives can hardly, in one breath, criticize King for advising the governor-general to cable to London for advice and then, in the next breath, criticize him for taking that privilege away from the governor-general.

* * *

CONSIDERATION of the budget raises serious questions as to the trend of Dominion government taxation. The total taxes paid by the citizens of Canada to the Dominion government were higher in the last fiscal year than they were in the previous fiscal year.

A further increase will be shown for the current fiscal year, which ends on March 31. The rise in the tax burden may be more graphically illustrated by the actual figures:

1925	$293,914,518
1926	327,575,012
1927	343,000,000 (Estimated)

The 1927 tax revenue is only $25,-0000,000 below the highest figure on record, that of 1923, despite reductions in rates of taxation in the intervening period.

* * *

THE higher revenues of the current year are in a sense an evidence of expanding business in the country generally. Chiefly, there has been an increase in customs revenue, due to our larger importations, not only of finished products but of semi-finished products and raw materials.

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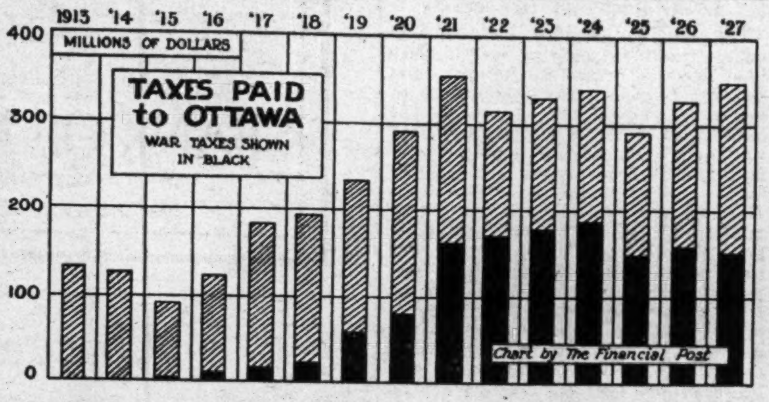
When is Tax Reduction Not Tax Reduction?



Despite reductions in the rate of taxation last year, tax revenues of the Dominion government have risen again in the current fiscal year. While tax rates are going down, the net burden of taxation is going up. Tax rate reductions are proving a stimulus to business, but, as the chart indicates, Canada is not yet off a war basis of expenditure and taxation.

Many Flour Mills Closed Down Owing to Lack of Demand

European Countries Put Up High Duties on Canadian Flour

U. S. COMPETITION

Need for Greater Protection Against Milling-in-Bond Across the Line is Apparent

Operations of Canadian flour mills have been considerably curtailed during the past two or three weeks and unless a decided change for the better takes place shortly in the matter of export orders, it is likely that earnings of the large companies, to say nothing of the smaller, will not even measure up to those for last year, which, on the whole, were considered unsatisfactory. Inquiry has shown that in the last two weeks production has been cut from 25 to 40 per cent. The Maple Leaf's mill at Port Colborne, the largest in the British Empire, has been closed, while mills at Kenora, Thorold and other points have suspended operations.

The lack of demand for Canadian wheat flour has been brought about by several causes, chief of which are the imposition of heavier duties by importing countries and the keen competition from Buffalo mills. As regards the former, France and Germany, ordinarily good buyers of Canadian flour, have tightened up on import regulations, and marketing in those countries has become correspondingly harder. Another good market, Greece, has imposed heavier duties and it is likely that unless some action is taken this outlet will be lost to Canadian millers. Ireland is considering putting a heavier duty on flour imports and the matter will likely become an issue at the next election.

Other Export Markets Hold

Export orders from the Orient, South Africa and South America have been holding up well. The attempt of certain American interests on the Pacific coast to have the export freight rate on grain to Port Mann apply on domestic shipments, as mentioned in the Financial Post two weeks ago, has been withdrawn. The outlook for further business in the Far East is good and it is likely that shipments to that market will show some increase this year. South American countries are taking a greater liking to Canadian flour and additional business may develop in that quarter. But the increased business from these markets, while satisfactory, is not sufficient to offset the loss of trade in European countries, through the competition from Buffalo mills.

The milling of Canadian hard wheat in bond to avoid the 42 cents a bushel duty at Buffalo has always been a thorn in the side of the Canadian flour milling industry and in the past year or two the matter has become more serious as it threatens to do irreparable damage to the Canadian industry. During the past calendar year, for instance, some 14,000,000 bushels of wheat were shipped to Buffalo for milling in bond. This represents about 3,000,000 barrels of flour made from straight Canadian wheat which were sold abroad under United States names in direct competition with the product of Canadian mills.

Canada Loses Advantage

Canada loses all the advantage of the sale of this flour. It is exported as U.S. domestic flour and helps the United States to retain its reputation in the world's markets for high grade flour, to the benefit, whether or not blended, of all the domestic produce of that country. In selling, the American miller may represent the flour as the product of Canadian wheat, or may not. If he does not, the impression is created that perfect substitutes for Canadian wheat and flour can be found in another country and that these Canadian products have not, therefore, the special values that may be justly claimed for them.

The greater part of the milling-in-bond is done at Buffalo, but at any lake Erie port, Canadian wheat can be laid down from the head of the lakes at a freight rate lower on the average than to any Canadian port on the Lakes. The result is that freight cost chargeable against flour is lower at mill-door, Buffalo, than that against any flour in Canada, in corresponding position to the seaboard. From the mill to the seaboard the U.S. miller at Lake Erie points has an advantage, under existing tariffs and due to his position, of 2½ cents per hundred in freight rate. This difference in export cost of 5 cents a barrel, alone, makes it possible for him to take business away from Canadian mills.

Buffalo Mills Are Busy

Working under these advantages, it is not surprising that Buffalo mills are operating at a high rate of capacity, while the Canadian millers have

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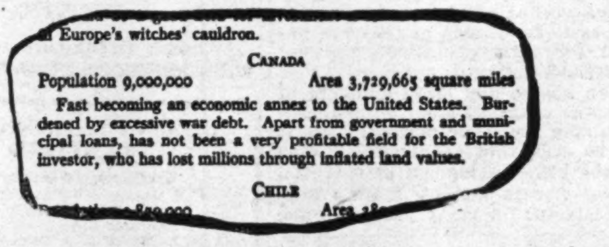
Lively Fracas Over Carillon?

MONTREAL.—It is now said that two new elements are preparing to enter the arena to obtain the power development rights at Carillon Falls on the Ottawa River. The International Paper Company and new Montreal interests are those named.

Two interests, the National Hydro Company and the Sifton Georgian Bay Canal Company, were the first to try to obtain the rights. The National Hydro, in which Shawinigan and Montreal Power are both interested, was first in the field, but the Georgian Bay Canal Company, owned some prior rights which it will endeavor to exercise.

"Has Not Proven Profitable as Field for Investment" Says Britisher of Canada

Russia, Bolivia, Chile and Salvador Find More Favor in Eyes of Financial Writer Than Does Dominion of Canada



Europe's witches' cauldron.

CANADA

Population 9,000,000 Area 3,729,665 square miles

Fast becoming an economic annex to the United States. Burdened by excessive war debt. Apart from government and municipal loans, has not been a very profitable field for the British investor, who has lost millions through inflated land values.

CHILE

The above is the description given to Canada in a new book, shortly to be published by A. W. Shaw Company, of Chicago. The book is written by A. Emil Davies, financial editor of the New Statesman, London, and writer and lecturer on financial subjects in the old country. The title of the book is "Investments Abroad," and it has apparently been written to give to Americans, who are becoming large foreign investors, some lessons from the experience of the British, who have been foreign investors for over a century.

One feature of the book is a brief description of each of the world's investment fields. Canada is one of them, and it is dismissed with the above brief and unpleasant reference. The book states that "the opinions expressed are those of the author, but may be taken as representing, in the main, the view of London financiers."

However, Canada is not alone in drawing the fire of this author. Australia is the most persistent borrower in the world. Austrian securities are uncertain; Brazil has an unpleasant habit of defaulting; Bulgaria is in the witches' cauldron of Europe; China is dangerous; France is a better country to invest in; Greece is less stable than Mexico; and so on.

But while Canada finds little favor in Mr. Davies' eyes, Bolivia is a profitable field for speculative investment; Dutch East Indies is absolutely first class; Porto Rico has been quite profitable; Paraguay is better than its reputation; Chile appears to be a profitable field for investment; Colombia is a rich and promising field; Hungary is promising; Salvador is fairly promising and Russia will probably be the biggest and most profitable investment field for the next 50 years.

Senator Webster Associated in Montreal Water Deal

His Fellow Citizens May Have to Pay Profit of $4,000,000 — Whole Transaction Regarded as Menace to Private Ownership of Utilities — Board of Trade Has Auditors Look Into Transaction

From Our Own Correspondent.

MONTREAL.—Senator Lorne C. Webster has admitted, according to the daily papers, that he is interested in the sale of the assets of the Montreal Water and Power Company to the city of Montreal. He has characterized the transaction as being fair and honorable.

The Montreal board of trade has authorized its auditor to look into the transaction. Business men generally in Montreal feel that the projected deal is injurious to the best interests of the business community generally.

The sale of the company to the city at a price of $14,000,000 means that either the city is giving to the new shareholders of the company a profit of $4,000,000, or else the original shareholders in the company sold out at a ridiculously low price.

Within recent weeks the investment house of Hanson Brothers, which controlled the company at that time, accepted an offer of $100 for the preferred and $85 for the common stock—an offer which they advised the minority shareholders was attractive and should be accepted.

Record of Honorable Dealing

The record of Hanson Brothers, extending back many years to the inception of the firm, is one of honorable and upright dealing and it is not to be thought for a moment that such a firm would have recommended the sale of the stock to the new interests, with whom Senator Webster now admits he is associated, at a price below its real value.

The new interests were sitting pretty in the deal until public opinion in Montreal became aroused and now the owners of the water plant only see the $4,000,000 profits in their dreams, for the city council has decided to reconsider its decision.

The present owners of the company brought the matter before the city and allowed them only forty-eight hours to reach a decision. Like sheep, the Montreal aldermen all accepted the offer at the price of $14,000,000

They Paid $4,308,000 Plus Bonds

Webster's associates acquired most of the outstanding shares of the company on their offer which equaled $4,308,000. The bond issues outstanding at the close of the last fiscal year totaled $5,581,514. Thus the total price at which the property changed hands a few weeks ago was less than $10,000,000. The value of the fixed assets of the company as shown on its books stands at $11,342,808 against which there is a reserve for depreciation of $1,801,230. The new interests offer the property to the city for $14,-000,000.

Last year the company's earnings after all charges were equivalent to $6,62 a share on the common stock which had a par value of $25. The price at which the common was sold was $85 per share. Thus the earnings available for the common stock and surplus account—and every company must build up a surplus—were equal to 7.7 per cent. on the common stock.

Earning Power is Low

The price at which it is now proposed to sell the property to the city will mean that on its past record, the city will receive profits on the property equal to about only 4 per cent., and this is not taking into account the necessity of building up a surplus account.

There is another angle to the transaction which is of vital importance to investors. It was deals of similar character which made the city of Toronto enthusiastic over the doubtful benefits of public ownership. In the province of Quebec the public utility managements, such as those of Montreal Tramways and Shawinigan, by fair dealing and efficiency, have obtained the confidence of the public. A deal, such as that proposed, can not fail but reduce the faith of the public in private public utility companies, such as Montreal Tramways or Montreal Power.

Hard for Other Companies

The large power and public utility managements are in no way connected with the present transaction. Yet the man in the street does not differentiate between the various interests which operate his utilities. If one group is addicted to deals which are not in the best interests of the

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Big Job to Run Liquor Business

A drive made to have the Ontario Government liquor dispensaries ready to operate May 1. It is a big task. There will be 100 stores in the province and it is understood that each store will carry 200 different commodities. The plans are to keep a daily inventory of stocks which will mean thousands of entries daily.

ALABASTINE SALE TO U.S. INTERESTS NOW CALLED OFF

Ontario Gypsum Company Also Involved in Negotiations

Negotiations that have been in process for some time looking to the sale of the Alabastine Company, of Paris, Ontario, to American interests have been called off. R. E. Haire, general manager, officially informed The Financial Post this week that the business will be carried on as in the past by the company.

Negotiations were being carried on with New York investment bankers. In some quarters, it was understood that the United States Lime and Gypsum Company were interested in the deal.

Alabastine Company controls Ontario Gypsum Company and also Toronto Builders' Supplies, Ltd.

Bennett Debt Scheme Economically Unwise, Declares Economist

Proposal of Rt. Hon. R. B. Bennett that the government should issue 4 per cent. bonds to redeem our war debt, now paying a higher rate of interest, and force the banks and insurance companies to take up these bonds at par, has aroused considerable interest throughout Canada.

The Financial Post wired to J. Courtland Elliott, now temporarily in charge of the department of economics at University of Saskatchewan, for his views on the proposal. As former Canadian economist for the Federal Reserve Board and as a particularly keen student of banking and national financial problems Mr. Elliott is in an excellent position to give a sound appraisal of such a proposal. Mr. Elliott's article, in reply, follows:

The proposed debt redemption scheme offered by Hon. R. B. Bennett has a number of apparent weaknesses. The salient weaknesses, quite apart from technical deficiencies, are:

First, the acquisition of four per cent. government debentures at par by financial institutions represents a forced capital levy amounting to the difference between their par and current yield values;

Secondly, if these securities are pledged as collateral for advances of Dominion notes under the Finance Act, the proposal has the additional iniquities of being not only economically unsound, but of compelling the institutions to pay the present Finance Act rate of 4¼ per cent. for the "privilege" of receiving 4 per cent. on their tribute to Caesar. The plan is, thus, a capital levy plus an interest levy.

Thirdly, the scheme, as outlined in the press, assumes that debentures can be maintained at par.

A precedent exists for the artificially high price suggested in United States bonds, which are eligible as a basis for national bank note currency, but this condition was achieved by rigid limitation of the amount of bonds issued. No such restriction is apparently imposed in the Bennett plan, and it is not to be expected that even the Treasury Board would valuate them at par for "rediscount" purposes. Unless some privilege is granted the holders of the bonds, there is no known method of consciously enhancing their price and yield successfully.

Can Not Pay Debt by Fiat

Federal debts cannot be repaid upon the fiat of the government without sad results. Witness the plight of the present holders of German, Russian and other foreign bonds. Repayment of our war debt can only be made out of the current revenue of the government, which, in turn, is based on the production of the Canadian people. That is the sole criterion for the economic soundness of any scheme. Any other device is politically injudicious, socially inexpedient and economically unwise. Skilful refunding in accordance with a definite policy, co-ordination of debt-reduction procedure with a far-sighted tax program and able fiscal technique are the tools by which the most beneficial results will be achieved.

To the extent that the Bennett plan presupposes the transfer of banking and insurance funds to the government at an artificially low rate of interest it is, on the whole, practicable, although it may have serious economic consequences in its disturbing effects on the relations of these institutions and their clients. From this point of view it has all the earmarks of a national boomerang.

More important, however, it raises the question whether it is wise for the government to rob Peter to pay Paul. The plan involves discrimination of a most virulent type, for it necessitates the withdrawal of funds without full consideration to the lender. The only justification in the case of banks would be as a return for their circulation privilege, but it

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Holders of Goodyear 2nd Preferred to Benefit

Announcement is expected within a few days of a revision in the capital structure of Goodyear Tire & Rubber Co. The exact nature of the revision has not been disclosed but it is understood that the holders of second preference shares will be given a more favorable position. There are 1¾ per cent. arrears on the second preferred. The company has been doing very well in the last year or two, and substantial progress has been made in wiping out arrears.

It is improbable that a dividend will be paid on the common in the immediate future, or that the capitalization will be increased in any way. The policy of the management is that additions to plant and equipment should be financed out of earnings.

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Background of Canadian Business

By JOHN E. LANGDON,
Business Editor, The Financial Post.

WEEKLY REVIEW OF CONDITIONS

Budget Only Small Aid to Business
Iron and Steel Trade Has Better Outlook
Foreign Trade Totals Due to Large Imports
Railways Have More Freight to Handle

THE budget as given in the house by Mr. Robb, while a step in the right direction, leaves much to be desired. From the standpoint of business it is doubtful whether the changes in the match, stamp, sales and income taxes, will prove of any material benefit to trade. It must be admitted that more substantial reductions were expected to be made in relieving our already heavy burden of taxation and a study of the changes involved, leads one to the conclusion that any saving to the public—said to aggregate $27,000,000—will not become manifested by any increase in purchasing power.

The match tax might well have been abolished, while alteration to the stamp tax to apply to cheques of $50 and over would be more justified. Insofar as the 20 per cent. cut in sales tax is concerned, it is doubtful if the reduction in this regard will be passed along to the public except in the purchase of more expensive products, such as automobiles, radios, etc. The cut of 10 per cent. in the income tax will not have much benefit on the rank and file. Taken all in all, there is no change of any apparent value in the Robb Budget except, as we have said, that every little helps. It is true that certain classes will benefit and that business dealings handled by cheque will be made easier by a uniform stamp charge, but the benefits accruing to the public in dollars and cents will be so widely distributed that it will have little or no effect on stimulating business.

Imports Are Increasing

The fallacy of believing too strongly in the encouraging indications of growth in our foreign trade, as exemplified by values, has been pointed out is these columns from time to time. While it is not possible to give any idea of the volume of trade in January last, government figures of value show a comparatively heavy increase in imports, whereas exports are only holding their own, as compared with January of last year.

No satisfactory deductions can be made from the returns until more complete data are available, but one fact stands out prominently and that is revenue from custom duties in recent months has recorded a very substantial increase. As a result it is likely that revenue from this source will be largely instrumental in enabling the federal government to report another surplus next year. In such an event it would not be remiss to anticipate further and more extensive cuts not only in the so-called nuisance taxes, but also in the sales and income taxes.

Iron and Steel Outlook Good

Foreign competition in the iron and steel trade will in all likelihood be just as competitive this year as last, when European and American plants dumped part of their output on the Canadian market. This was done at a price which Canadian manufacturers could not meet. Except for certain lines, such as automobile parts, it is doubtful if foreign producers made any profit on these shipments, as they were more concerned in keeping their plants in full operation and deriving their profits from domestic sales.

Production of iron and steel in the past month does not show any appreciable indication of a resumption of activity in this industry following the usual year-end slump. Pig iron output was lower than in December or in January, 1926, while on the other hand steel recorded a slight increase over the previous month, but showed a decrease as compared with the same month a year ago.

Railway Orders Promote Activity

These returns should not be considered as indicating the general trend in the iron and steel using industries, as January is an off-month and production does not give a true picture of the prevalent activity. In the past two weeks certain changes have taken place, which presage a considerable amount of work for these industries during the balance of the year. The railway equipment companies, for example, have already received orders totaling in value nearly $10,000,000, and the president of one of the leading companies engaged in this line of work is quoted as saying that prospects for additional business had never been so bright in the past few years.

This definite resumption of industrial activity has, of course, made itself felt in other lines. Employment continues at an unusually high level and the different industrial centres report more men gainfully employed than at this time last year. This may be said to be the position of other labor divisions and the volume of employment at present is probably greater than at any other corresponding date since 1920.

Retail Merchants Optimistic

Along the same lines, retail and wholesale dealers across the country report a substantial volume of business. The various weekly trade reports are uniformly optimistic in tone, and although one or two centres have experienced a slight recession in business activity, reports convey the impression that conditions are generally sound and that merchants are looking forward to having an active year in 1927, with the further expectation that larger profits will be secured on turnover.

Revenue Freight Increases

If any further index were needed to show that the general trend of business is continuing on the upward grade, a study of revenue freight car loadings should be convincing evidence. Cumulative totals since the beginning of the year up to and including February 12, are 354,676, as compared with 329,779 for the same period last year. It is, however, in recent weekly figures that the change for the better is more pronounced. In the week ended February 12 last, for instance, loadings totalled 61,354, an increase of 1,890 cars over the previous week and 5,106 or nearly 9 per cent. over the corresponding week of 1926. Much of this increase has been due to heavier loadings of grain and grain products, but it is interesting to note that merchandise has shown a practically unbroken record of weekly increases since the beginning of the year.

Dunlop Tire Announces Retirement of All its Bonds

The annual meeting of the Dunlop Tire & Rubber Goods Co., was held on February 17th, at the head office of the company, Toronto.

The report submitted indicated a very satisfactory year. The item that perhaps was most interesting to the shareholders was the announcement that the total issue of bonds dated March 1st, 1912, and amounting to $600,000, had been retired in full through the medium of the sinking fund.

This retirement removes the only bonded indebtedness of the Dunlop Tire & Rubber Goods Company. As the common stock is closely held and not on the market, the calling in of the bonds has aroused new interest in the Dunlop 7 per cent. Cumulative Preferred, issued in 1899, and on which the dividends have been paid without interruption to date—or for 28 consecutive years.

E. B. Ryckman, K.C., M.P., is president of the Dunlop Tire & Rubber Goods Co.; J. Westren is vice-president and general manager; and A. E. King is secretary-treasurer and assistant general manager.

Dunlop Tire Co. issues no statement of earnings or of dividends on the common shares. The last published dividend was for 1917, when 20 per cent. was paid.

Careless Smokers Cause Most Fires

That the careless use of matches and smoking materials still leads by a wide margin all fire causes, is disclosed in a report just issued by the National Board of Fire Underwriters of the United States. The loss in 1925 from this factor, it is announced reached the unequalled total of $30,303,815, while the aggregate loss from all causes also set a new record—$559,428,858.

Home Owners in Stratford

Stratford, Ontario, has the highest percentage of self-owned homes (as a city) at 70 per cent., and Montreal is on the lowest rung with 14.8 per cent. Westmount, however, part of Greater Montreal, has 51.7 per cent. home-owners.

Canadian Business Indicators

Compiled weekly by The Financial Post

	1927	1926	
Car loading, week February 12	61,354	56,338+	9%
Year to date	354,676	329,779+	7%
Merchandise shipped, year to date	91,701	84,919+	8%
Grain Receipts, Aug. 1 to February 11	270,101,580	312,904,448—	13%
Price Level, January index, 236 commodities	156.0	155.2	
Pig iron output—January	51,717	56,644—	5%
Steel ingot production, January	58,551	60,536—	14%
Building permits, January (63 cities)	5,429,299	4,719,534+	15%
Railway Earnings—Twelve Months—			
	1926	1925	
C.P.R. gross	198,025,591	182,356,005+	8%
C.P.R. net	44,945,126	40,154,755+	11%
C.N.R. gross	266,270,000	244,971,202+	8%
C.N.R. net	46,400,000	32,264,414+	43%
Employment—December index	101.1	95.3	
Newsprint production—December tonnage	163,177	136,983+	19%
Automobiles produced—11 months to November 30	197,364	153,317+	29%
Immigration, 11 months, to November 30	130,569	80,904+	62%
Business failures—No. of firms, 12 months	1,771	1,996—	12%
Liabilities	32,291,125	32,153,697+	0.4%
Imports of key commodities, 12 mos. ending December 31—			
Rubber (raw, in pounds)	45,366,960	44,547,517+	1%
Cotton (in pounds)	134,690,811	121,047,597+	12%
Crude petroleum (in gallons)	667,627,576	544,286,673+	22%
Exports of key commodities, 12 months ending December 31—			
Canned salmon, cwt.	597,593	748,686—	20%
Newsprint, cwt.	34,639,718	28,033,091+	24%
Wheat flour, bbls.	10,456,916	10,318,840+	1%
Wheat, bushels	250,116,414	222,844,546+	12%
Saving deposits, Dec. (chartered banks)	1,372,763,485	1,318,875,483+	4%
Current loans, Dec. (chartered banks)	970,053,595	903,259,725+	7%
Exports, 12 months to December 31	1,268,581,976	1,270,986,354—	0.1%
Imports 12 months to December 31	1,098,341,911	890,198,348+	13%
Balance of trade, 12 months to December 31	260,240,065	380,793,506—	31%
Bond sales, 12 mos.	567,341,196	496,500,000+	14%
Bank clearings, January	1,568,258,374	1,349,306,742+	11%
Construction contracts awarded in January	16,771,300	12,669,000+	32%
Prices:	1927	1926	
Pig iron (Number 1 foundry) Feb. 9	24.80	Feb. (Aver.)	26.85
Cattle—Good, Toronto, Feb. 21	6.75	Feb. (Aver.)	6.87
Wheat, No. 1, Nor. Winnipeg, Feb. 21	1.39	Feb. (Aver.)	1.54
Hogs—Select, Toronto, Feb. 21	10.75	Feb. (Aver.)	$14.29

Immigration Campaigns Fail in Their Effort to Build Up Population

Revision of Opinion as to Class and Nationality of People Necessary Before Any Large Movement Will Take Place

By JOHN E. LANGDON.

Keen disappointment is frequently expressed in the fact that immigration to Canada of recent years, has not come up to expectations. From 1901 and onward, the number of newcomers entering the Dominion steadily increased and in 1913, when nearly half a million people entered, a new high mark was established. The war naturally caused a break in the movement, but during this off-period it was firmly believed that immigration would recommence after the war on an even broader scale.

Many looked for a movement during the post-war period running into several hundreds of thousands each year, but one has but to glance at the official returns to see how disappointing results have been. With the exceptions, of one or two years the number of newcomers has fallen below the 100,000 mark. At the same time, the Federal Government and other organizations have been and are spending large sums of money on publicity and other methods of propaganda in an endeavor to put before the prospective immigrant the advantages which Canada has to offer.

Immigration Campaigns Fail

That these campaigns have largely failed in their purpose is apparent. Whether the adverse news about Canada so diligently published in the English and continental press has been the means of keeping out immigrants, is a matter of opinion, but the fact remains that British and European nationals have not come forward in any numbers.

Many and varied reasons have been given for the failure to secure immigrants. It has been and is being said that our immigration regulations are too strict. The intending settler, on the other hand, says that passage fare is too high and that it requires a considerable outlay of capital to get properly started after he arrives. Whether these objections are the cause of the limited movement remains a matter of conjecture, but looking at the situation from a business-like standpoint, one fact stands out and that is a vital need of revising our opinion as to the type of people we want and where we are going to get them.

Pre-War Movement

By far the largest percentage of newcomers, prior to the war, came from the United Kingdom and the United States. The latter country was particularly fruitful of the right class of settler. At that time the great back-to-the-land movement was taking place to the south of us, and so great was this exodus that many prospective farmers were unable to secure land. In Canada we offered them land just as productive and at a price one-tenth to one-twentieth of what was being asked in their own country and as a result large numbers settled in the Prairie Provinces. Since then the movement has been to the city rather than to the country and farm after farm in the Western United States has been abandoned. Naturally, with a surplus of good agricultural land in their own country, there was no advantage in looking outside their own borders for farm homes. Consequently the number of new settlers received from the United States has assumed relatively small proportions in recent years.

The situation in the United Kingdom, in some respects, is the same. The war was the means of taking off a large number of the farming population. Demand for farm labor in England to-day, for instance, is just as keen as in Canada and English farmers are paying wages which compare in every way with those offered by Canadians. The inducement to English farm laborers to migrate to Canada, therefore, are somewhat negligible and we cannot look for any result in that field.

It may be asked why the Dominion does not go after the millions or so unemployed in England. These people, unfortunately, are all industrial workers and, while the British Government would like to see these men moved to the Dominions and engaged in productive occupations, Canada is not anxious to have them as they are unfitted for farm operations and the industrial situation is not so good that we can absorb any large numbers of skilled or unskilled labor without disorganizing the labor market. Thus it will be seen that the United States and the United Kingdom as potential sources of new population are a negligible factor for many years to come and that the Dominion must look to continental European countries.

Likely Source of Immigrants

The most likely source of immigrants on the Continent may be roughly divided into two areas—Scandinavia and Central Europe. The inhabitants of the first named section are of the same race stock as ourselves. They are thrifty, industrious, easily assimilated and, moreover, are landworkers. While the governments of Denmark, Norway and Sweden, are not overly anxious to see their citizens migrate to Canada—or any other country, for that matter—they do not put any prohibitive restrictions in their way. In the past few years, we have secured a fairly large number of immigrants from those countries, but the movement will never attain any large proportions on account of the small population from which we have to draw.

Turning to the middle countries of Germany, Poland, Czecho-Slovakia, and Lithuania, we find a surplus of population which, while receptive to the suggestion of migrating to Canada, are somewhat limited as to number which may enter under present immigration regulations. The class or classes of people in that area offering themselves as future citizens of Canada are admittedly of a type which do not find very much favor in the eyes of the Canadian Government or of the Canadian people. It is admitted that great numbers of them would be suitable for farm work in Canada—thousands already in the country have proven this—but the experience of the United States with these nationals, has tended to restrict concessions which might be offered.

Outlook Unfavorable

The southern European countries are a negligible factor in the situation and it will be seen from the foregoing that any substantial addition to our population in the near future is somewhat unlikely.

There are thousands of laborers which could be secured, but unfortunately they could not be easily assimilated into the present economic structure of Canada. We cannot, at present, wholly lift the bars for the entry of all classes of immigrants and as long as the government and other organizations are striving for farmers and farm laborers, the newcomers must necessarily remain small in number.

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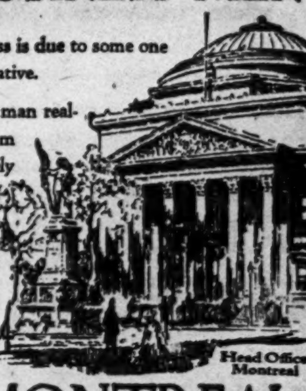

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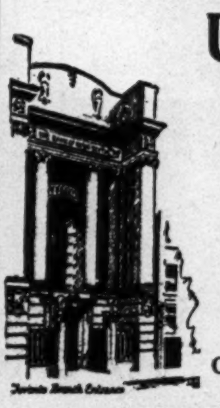

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Secretary.
Toronto, February 16th, 1927.

EASTERN DAIRIES' PROFITS INCREASE, REPORT WILL SHOW

Earnings in 1926 Compare Favorably With Previous Year

From Our Own Correspondent.

MONTREAL.—The component companies which now form a part of the Eastern Dairies, experienced a satisfactory increase in earnings during 1926. The company will publish its first annual report in about six weeks' time.

The four companies which first entered the merger, now known as the Eastern Dairies, were the Elmhurst Dairy and the Standard Creamery, of Montreal, the Producers' Dairy, Ottawa, and the Acme Dairy of Toronto. The combined sales of these four plants for the period ending November 30, 1926, showed an increase of $272,355 as compared with the corresponding period in 1925. This figure represents a gain of about 16 per cent. during the year.

After acquiring these four companies early in 1926, the Eastern Dairies also purchased other properties which include the Jersey Creamery, of Upper Melbourne, Quebec, and Moore's Model Dairy, in Toronto, and company which owns a collection station at Eastwood, Ontario. The first two properties were acquired just before the close of 1926.

While the earnings of the Eastern Dairies will show a satisfactory increase over the earnings of its component companies during the preceding year, the position of the company continues to improve and, in the month of November alone, the total volume of business increased by 22 per cent., as compared with an average increase through the year of 16 per cent.

Will Continue Growth

The company was incorporated with the idea of expanding the sphere of its activities, and the policy of expansion has been carried out during 1926. No doubt this policy will be continued and, for the future, presumably other companies will be acquired and operated by the Eastern Dairies.

While the company's business so far has been largely devoted to the sale of milk and cream, increasing attention has been paid to the production and marketing of butter. It is anticipated that this branch of its activities will expand, for drivers are trained to sell butter to their regular customers. As an example of what has been accomplished along these lines, the company sold, in one week in December, 5,500 pounds of butter, as compared with no butter sales when this branch of the business was established in May, 1926.

The consolidation has brought many advantages to the Eastern Dairies, not the least of which is the movement of supplies according to the fluctuations in the demand in the various territories served, plus the creation of a feeling of confidence on the part of the consuming public, which assists in broadening its markets. The consolidation also produced important economies in overhead and has improved the profits from the sale of by-products, which include condensed milk, milk powders, ice-cream, casein, and sugar of milk, for all of which there exists a good demand.

Some of the advantages of the dairy business include a rapid turnover, a product which is practically unaffected by the ordinary fluctuations in the business cycle, and it is conducted largely on a cash basis, with business practically uninterrupted during 365 days of the year.

Hebridean Settlers to Manufacture Harris Tweeds

Manufacture of "Harris tweeds," for which the Hebridean crofters are famous in their native land, will be undertaken at the Clan Donald Colony and other parts of Alberta where settlers from the Northern Scottish islands are settled. This is a traditional industry with these people, so that most of the Alberta settlers took out their spinning wheels with them and some their hand looms. On their own initiative they have manufactured some Harris homespun which has been sold to the Hudson's Bay Company.

What is projected now by the Scottish Immigrant Aid Society is a cottage industry working in conjunction with a small industrial plant. The use of hand looms on the farms will be further encouraged, though these will be worked only intermittently, for the main part during the winter months. It is planned to establish a carding mill in Red Deer, the headquarters of the Society. The necessary buildings are already in the possession of the Society and the greater part of the not elaborate capital required has been promised by philanthropic individuals.

An excellent market is said to exist for Harris tweeds. Such a cottage industry can be most beneficial in ensuring farm contentment, as keeping the newcomers on the land, providing the entire family with winter employment, and adding substantially to its revenue.

Report Hard Season For Trade in Wool

"The wool trade has experienced a hard year with the history of 1925 pretty well repeated," reports G. E. O'Brien of the Canadian Co-operative Wool Growers. "The Big wool houses, which have all had a difficult year, are fully determined as far as humanly possible that in 1927 they will only buy supplies on a basis that will guard them against loss when the wool goes into consumption."

Mr. O'Brien stated that the general feeling seemed to be improving slowly, and that it was expected that all available stocks of domestic wool in the United States would be required before the new clip was offered. He was careful to point out, on the other hand, that no actual improvement had taken place yet either across the line or in Great Britain—where prices, deducting tariffs, are relatively higher than in the United States—although the situation was expected to right itself months ago.

Merchants Guarantee to Expand

At their annual meeting, held in Montreal this week, the Merchants and Employers' Guarantee & Accident Insurance Co. announced their intention of extending their activities into other parts of Canada. At present the company operates only in Quebec and, under the new plan, the company intends to extend its operations into fire insurance as well as the lines which it now carries. J. H. Fortier, president of the company, announced that business written during the year showed an increase of 10 per cent. over the previous year, and that there had been a substantial decrease in the claims and expense ratio.

Common Stock, Selected Wisely, Makes Handsome Profit for Its Holders

Steel of Canada is Example of an Issue Which Was Great Bargain Not Long Ago; Future Bright

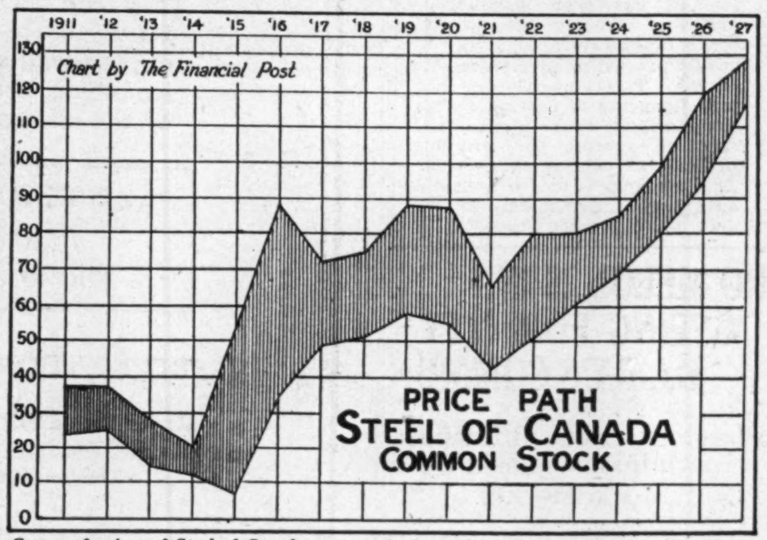
Who should buy common stocks?

The answer, of course, is that only persons who can afford to take some risk should buy common stocks.

Young men, just beginning to take an interest in investments, frequently are advised to put their first money into savings banks or some other low-yield form. Their second thousand dollars, it is urged, should go into high-grade bonds.

Back of this advice is the fact that young men have not the experience necessary to the wise selection of more speculative securities. But the young man without the responsibilities of a family perhaps can afford to take some risk if he also will take advice from disinterested persons who have some knowledge of investment.

In the following article, with its accompanying chart, the price path of the common stock of the Steel Company of Canada, one of the country's basic industries, is discussed. Holders of Steel of Canada common have profited handsomely and, it is believed, will continue to profit. An attempt is made to answer the question as to why this common stock has been profitable to its holders and what qualifications other common stocks must have in order to assure similar profits.



Course of prices of Steel of Canada common is shown from the date of original listing in 1911 to February 7, 1927. Shaded area represents spread between high and low each year.

Other common stocks will be discussed specifically in future issues of The Financial Post. Some of these will be stocks which are not now paying dividends and which are, in consequence, selling at comparatively low prices.

Well-selected common stocks offer the best opportunity for profit.

Consider Steel of Canada. It sold recently at 128½. In 1915 it sold as low as 8½ and as recently as 1922 it could have been bought in the open market for less than 45. The first dividend on Steel of Canada common was in 1916, when 4 per cent. was paid. In 1917 and 1918, the stock was on a 6 per cent. basis and it has been on a 7 per cent. basis since 1919.

The present high price of the stock is due to the stock market's faith in the future of this company. It has paid dividends through lean times—once or twice out of surplus—and it is considered certain that, in the prosperity which is confidently foreseen for Canada, this company must make real progress which will react to the benefit of its shareholders.

Company Has Reserves

Steel of Canada has a tidy surplus. The stock market, ever rapacious for dividends, has been asserting that there must be a distribution soon. But, from the viewpoint of the investor in a company so well-administered as Steel of Canada, the best place for a surplus is the company's treasury. This is an instance where the shareholders benefit from the dividends they do not get. The company with reserves is the company which is able to increase its profits by judicious expansion and to pay dividends through periods of scant earnings.

Competent observers consider Steel of Canada to be a good buy at even the present price, where the yield is less than 6 per cent. It is a buy for the investor who is willing to be patient. It may drop a few points, or many points, from recent high quotations, but that need not worry any buyer who has faith in the future of Canada and who knows the history of the Steel Company of Canada and the place it has assumed in the industry of the nation.

There are other common stocks of Canadian industrial companies which offer opportunities for investors who await appreciation in values rather than expect to gain by day-to-day market movement. Not all of these common stocks which might be recommended are like Steel of Canada at the moment. Some of them are not paying dividends at the moment. But many of them will pay dividends in one, two, or five years and the investor who gets in now and awaits events, is the investor who will profit the most.

What are rules for selection of common stocks for appreciation in values? Here are some of the points which must be taken into account:

1. Is the company necessary or helpful in its field? In other words, is there a market for its products? Is the market constant, seasonal or erratic? Has the company sought to diversify its product to care for fluctuations in demand?
2. Is the management conservative in financing, technically able in production and aggressive in marketing?
3. Is the capital of the company reasonable? If there is funded debt are there adequate provisions for retirement thereof? Has the company demonstrated its ability year after year to earn interest on its funded debt, provide for sinking fund and earn dividends on the preferred stock or other securities senior to the issue proposed to be bought?
4. Is the industry growing with the country and is the company growing with the industry?

If this last question can be answered in the affirmative it, in large measure, answers the three questions preceding it. The growing company in the growing industry in the growing country ultimately will prove a profitable investment. That is why Steel of Canada has been a profitable investment for the fortunate ones who bought at the low figure of 1915, or the comparatively low price of 1921.

Buy Timber Tract in U.S.

Announcement is made that the Penobscot Lumber Co., of Penobscot, Maine, has purchased the 12,000-acre spruce areas of the Hill Brothers, of Colchester County, N.S., involving $100,000.

Saskatoon Power Department Surplus

The operation of the Saskatoon power department for 1926 shows a net surplus of $118,901, as compared with a net surplus of $75,846 in 1925.

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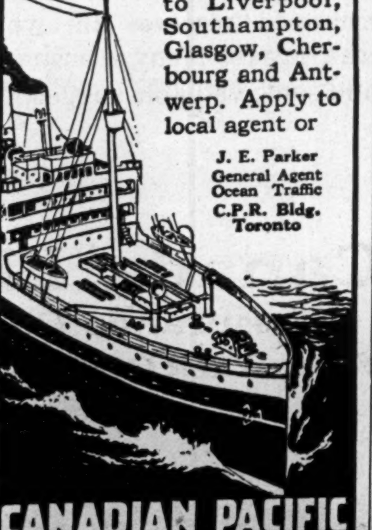

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Stock Market

CANADIAN ISSUES MOVE HIGHER IN BROADER MARKET

Week's Trading Includes Stocks in Nearly All Branches of Industry

MARKET INDICATOR

20 Industrial Stocks		
Week of Feb. 23	101.6	99.00
Week of Feb. 16	101.2	98.7
Month of Feb. 1926	88.8	80.5
9 Bank Stocks		
Week of Feb. 23	$238	$237
Week of Feb. 16	239	237
Month of Feb. 1926	227	224
10 Public Utilities		
Week of Feb. 23	107	104
Week of Feb. 16	105	103
Month of Feb., 1926	103	99

Canadian stock markets in the last week have been fairly quiet, but with a strong undertone and some noteworthy increases in prices. One of the strongest issues was City Dairy common, which moved close to the 100 mark on buying induced by knowledge that the company is in an exceptionally strong position and the hope that ultimately there will be further divisions of profits for the benefit of shareholders.

Brazilian reached a high for the year on buying from London. British investors, seldom afraid to venture with their money into foreign fields, have been watching the progress of Brazilian and apparently have reached the conclusion that the investment experience will be very good in the next few years. Canadian Pacific Railway continues to move upward toward new high ground, a high for the year being recorded at 189½. There is a feeling of greater optimism also, with regard to Canada Steamships. This company did very well in Eastern Canada last year and it is expected that, with the revision in the Ontario liquor laws this, year the tourist trade on the lakes will pick up.

Liquor Stocks Active

The liquor stocks continue to be an active feature of the market. There is reported to be a substantial short interest in Seagram's, which is holding firm around 24½. The bearish influences in this issue assert that Seagram's stock of whiskey is not so large, in comparison to copitalization, as the stocks of liquor of competing companies to their capitalization. Gooderham & Worts and Hiram Walker issues continue strong on the assumption that ultimately there will be a merger of these two important properties, although it is fairly certain that the union is not contemplated for the immediate future.

Massey-Harris common continues to flirt with par, which is almost unique for a stock on which no dividends are being paid at the moment. The stock market continues to believe that there will be new financing in this company, but this has been denied from authoritative sources, as will be seen elsewhere in this issue of The Financial Post.

Food Issues are Strong

Dominion Stores continues to attract attention of investors. This is considered the most substantial of the chain store group from an investment viewpoint and the expansion program is of interest. Arnold Bros. is strong in advance of the new financing which will accompany the acquisition of the Martin chain.

Page-Hersey common, Dominion Bridge, Bell Telephone, Penman's and stocks of the Moore group of companies were active and strong. B. A. Oil is selling at good prices on the news of a dividend basis of 80 cents per year on the new stock, with the prospect of a bonus if the year proves as profitable as can be expected. The other oils were strong.

The mining market continued its downward course and speculators in those issues are not yet convinced that the bottom has been reached.

WEEK'S GAINS AND LOSSES

	Gains	Losses	Unch.	Total
Banks	3	5	1	9
Paper	8	2	5	15
Steel	9	9	20	38
Foodstuffs	14	12	17	43
Utilities	14	1	13	28
Tractions	6	4	4	14
Textiles	8	1	8	17
Industrials	9	14	27	50
Total	71	48	95	214

20 Cents is Initial Dividend on New B. A. Oil Stock

New stock of British-American Oil goes on an initial dividend of 80 cents annually. The old stock. which was split four for one, was on the basis of 10 per cent. on the par value of $25, so that the new rate is an increase of 70 cents per year.

In addition to the initial dividend, S. R. Parsons, the retiring president, announced that the question of a bonus dividend would be considered later in the year. Mr. Parsons retires from the presidency of the company and is succeeded by A. L. Ellsworth. Mr. Parsons becomes chairman of the board.

While no financial statement has been given out for publication, the report of the directors to the shareholders revealed considerable progress in the last year. Business for in the East and West has expanded.

Financial Structure of Massey-Harris Company Will Remain Unchanged

Persistent Rumor of New Financing is Vigorously Denied

SAY STEP NOT NEEDED

Fairly Large Group Privately Are Acquiring Shares Formerly Held by Foundation and Others

Although stock brokers persist in asserting that there will be new financing for Massey-Harris Co. as a result of the transfer of ownership of the Massey Foundation and Massey family shares, The Financial Post is informed positively no new issue of any sort is contemplated.

No new financing is necessary, declares a man in position to know.

Thomas Bradshaw, vice-president and general manager of Massey-Harris, and J. H. Gundy of Wood, Gundy & Co., negotiated the purchase of the Massey shares ten days ago after the First National Bank of New York, acting presumably for the J. I. Case Co., had made a bid for the stock in an effort to gain control. The Canadian Bank of Commerce advanced the cash necessary for the transaction.

Common at 105?

It never was definitely stated what price was paid. The deal was believed to have involved $7,000,000 or somewhat more and it was at first reported that $125 had been paid for the common, and about $110 for the preferred. It is now believed that the common changed hands around $105 the share. The common earned $9.57 last year but no dividends have been paid.

The reason the financial fraternity outside the group immediately concerned has held to the belief that new financing was in prospect is that it was thought improbable that Mr. Bradshaw and Mr. Gundy between them would be justified in carrying the load, especially when no dividends are being paid. Further, it has been contended that others who would be brought into the field would be protected by a new issue which would bring the open market price for the common to the figure paid the Massey Foundation and others who sold their shares to the Bradshaw-Gundy syndicate.

But evidently the transaction is to be financed exactly as outlined in the last issue of The Financial Post. Mr. Gundy and Mr. Bradshaw are finding it easy to induce other men to buy blocks of shares. The bank loan is being rapidly amortized, at least so far as the negotiators of the transaction are concerned.

"Money is coming in nicely," said a man who has known every step of the transaction, "and while one can hardly look ahead ten years and assert that no financing is necessary, it is possible to look ahead two or three years and not see any necessity for a new issue of securities of any sort."

Stock Is Well Regarded

This method of financing the purchase of the stock does not involve the company in any way, being merely a transaction between shareholders.

Securing a fairly wide distribution of the shares by this simple means will be all the easier if the price involved is $105 the share, rather than the rumored $125.

Massey-Harris common has not so very far to go on the open market to equal $105. On Tuesday the quotations were flirting with 98. The investment public looks very favorably on the stock, despite the fact that no dividends have been paid and are not, perhaps, immediately in prospect. It is contended that the position of the company is so good that, whether dividends are paid now or not, the investment will be profitable.

Earnings were $9.57 per share in 1926 after preferred dividends and liberal appropriations for depreciation and other charges as well as reducing a contingent liability in bonds of the Massey-Harris Harvester Corp., Batavia, N.Y. The corporate surplus is now $3,509,358 and it is believed that, so far as can be judged, earnings for 1927 will be even better than the earnings for 1926.

Sherwin-Williams May Augment Its Dividend

From Our Own Correspondent.

MONTREAL.—It is rumored that the management of the Sherwin-Williams Company of Canada is considering the possibility of a large disbursement to its shareholders which might take the form of a 2 per cent. bonus. The present dividend rate is 6 per cent., but some months ago the company retired its bonded indebtedness, and the entire property is now owned outright by the shareholders. The interest on the company's funded debt last year amounted to $109,000 and, for the current year, this item will be eliminated from the income account, with the exception of the interest requirements on the bonds outstanding for about three months only. Earnings last year amounted to 9.53 per cent. on the common stock and, with the strong financial and large earning power position which the company occupies, it seems likely that the shareholders' expectations may be realized.

M. J. KENT RETIRES

M. J. Kent, manager of the London Loan Company, has retired owing to ill health, and John H. Hambly has been appointed acting manager, having already assumed his duties in this office. Mr. Hambly has been associated as assistant with Mr. Kent for some time previous to the latter's retirement.

LAMPMAN IS APPOINTED

R. W. Lampman, formerly of the National Trust Company, Winnipeg office, had been appointed general manager of the Saskatchewan General Trusts Corporation, Regina.

Expects Big Volume Industrial Bonds

By A. F. WHITE,
President, Standard Bank of Canada,
at Annual Meeting.

Stock exchange activities have kept pace with the changes in the bond market. Not so long ago it was the popular conception that pronounced stock exchange movements were largely speculative in origin. To-day, notwithstanding the remarkable volume of transactions, brokers' and bankers' advances against stocks have not increased proportionately, the inference being that buying for investment account has been substantial and real. To-day the strong boxes of investors contain a goodly proportion of investment shares. This may presage future financing of our industrial companies by means of stock issues as against the present practice of capital obligations. This tendency is not without its advantages, providing, as it does, much greater flexibility.

NO MELON IS IN OFFING FOR CITY DAIRY'S COMMON

Directors Not Influenced by Opinions Voiced on Stock Market

With City Dairy common selling at nearly four times its par value of $25 and at a price to make its yield comparable only to a government bond, various rumors have been circulated as to probable further distribution of earnings in favor of shareholders. Perhaps the most definite of the rumors afloat was that stock in the subsidiary company, the Dri-Milk Co., would be offered to City Dairy shareholders on attractive terms. The Dri-Milk Co. last year paid City Dairy $67,000 in dividends. It is carried on City Dairy books as an asset worth $1.

Individuals who have been buying City Dairy common in recent weeks on the assumption that something nice was contemplated by the directors are doomed to disappointment, according to the best information available. In official circles it is held that as no new capital is necessary for the successful carrying on of the company's business, nothing will be handed out. The directors are believed to hold the opinion that the $3 dividends which are regularly paid on the $25 stock are adequate and that generosity went far enough last fall when an extra of $1 was paid. Their attitude is that if the stock market cares to value the stock at a price which brings its yield below the average it is no concern of the company and the company is not called upon to recognize such a valuation in establishing dividend policies.

Reserves Are Substantial

City Dairy has come to be looked on as one of the most conservatively financed companies. There is a big investment reserve and the reserve for depreciation is substantial. With regard to the latter, however, it is pointed out that as the plant had to be renewed a few years ago within a period of fourteen months it is fair to assume that it will wear out, sometime in the future, within a period of fourteen months. If this happens it will necessitate comparatively large expenditures out of the reserve. The company, it is contended, should be in position to meet any and all conditions which may arise.

S. J. Moore, chairman of the board of directors, told shareholders at the annual meeting that the financial position of the company was virtually impregnable.

NEW VICE-PRESIDENT
H. F. Walker Appointed by Canadian Fairbanks-Morse

MONTREAL.—Announcement is made by the Canadian Fairbanks-Morse Company that at a special meeting of the directors, held recently, Herbert F. Walker, secretary and treasurer, was elected a vice-president of the company. Mr. Walker entered the service of the company in 1920 as comptroller, was appointed secretary in 1922, and secretary and treasurer in 1924. He will continue to conduct its financial affairs with the title of vice-president and secretary-treasurer.

An Industry grown great and prosperous

FROM a small business, the Milk Industry has grown great and prosperous, and for the following reasons:—

1. Milk and its products are essential foods that all the people must have.
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Gatineau Power Company owns, or holds through long term Government lease, water power sites with aggregate potential capacity in excess of 700,000 horse-power, of which development of 397,500 horsepower is now under construction. Upon completion of the present development, earnings are estimated at more than $5,400,000, or over 2.85 times interest on all First Mortgage Bonds issuable against this construction.

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INCOME TAX PROBLEMS

Taxation of Personal Corporations

By an Income Tax Expert

PROBLEM No. 12.

Personal corporations for income tax purposes were definitely designated and referred to by the amendments to the Income War Tax Act of 1926.

For taxation purposes only the amendment provides that a personal corporation means one controlled, directly or indirectly, by one person who resides in Canada, the gross revenue of which is to the extent of one-quarter or more derived from the following sources,—the trading or dealing in stocks, bonds or debentures, notes, bills or other similar property in securities or the gross revenue had by way of rents, annuities, royalties, interest or dividends.

The income of such a personal corporation instead of being assessed for the ordinary corporation tax, is assessed against the person or persons controlling the corporation. Each shareholder is taxed, not in proportion to the shares held by him, but in the ratio that the property transferred by him bears to the total value of the property acquired by the company. Such values are to be determined by the minister and shall approximate the fair value as at the date of the transfer of such property to the corporation.

Income Tax Alone Knows Such Corporation

The counterpart of this legislation is not to be found in any other known statute, although the same principle has been struck at in other countries by somewhat analogous legislation.

The company is purely a creature of the statutes, and it is therefore to be interpreted on a strict application of the rules of construction, and without regard to equitable principles.

Keeping this in mind, consider the opening words reading "for the purposes of this act a personal corporation means a corporation or joint stock company (no matter when or where created) . . ." The words "for the purposes of this act" particularizes and narrows down the enactment to such an extent that it precludes considerations arising in particular cases, where one is rather drawn to the conclusion, on the facts, that surely such a provision was not intended to apply.

What Is Not Personal Corporation?

For example, a corporation long established in commercial trading has built up a substantial surplus invested in revenue bearing securities, and because of a slump in trade the investment income exceeds one-quarter of its gross revenue. On a strict interpretation such a corporation is within the meaning of the section. It seems improbable that parliament intended such a commercial organization to be treated as a personal corporation.

The phrase "no matter when or where created" was no doubt inserted to preclude two arguments. First, as to the word "when." It precludes the argument that the corporation was in existence prior to this legislation and therefore not within its scope inasmuch as it must be strictly construed. This word, no doubt, was inserted out of an abundance of caution as the section would probably have received the same meaning without the use of the word, yet it makes the legislation clear, while the word "where" precludes the argument that a personal corporation incorporated abroad but controlled and operated within Canada was not covered by the section.

Foreign Residents Are Exempt

The section then proceeds with the words "controlled directly or indirectly by one person who resides in Canada." Consequently a non-resident has here a standing invitation to incorporate a personal company in Canada, and if the business assets of the corporation are controlled and situated abroad, as set out in a previous article, no tax liability will be incurred. The balance of the first paragraph of the section contains provision that even though the control of the corporation be not directly in one person, but be had by his wife, members of his family or any combination of them, or any other person acting on his or their behalf, that it should nevertheless be regarded as a personal corporation as if controlled by one person.

The income of this corporation must be from "trading or dealing" in securities or from "rents, royalties, interest or dividends." In other words, the housing of what is so often referred to as unearned income under the cover of corporations has struck at..

Taxing Trading Profits

A very pertinent question arises by reason of the phrase "trading or dealing in bonds," to determine whether a concern in the nature of trading is being carried on the character of the concern and not that of the person who carries it on has to be regarded. It must be remembered that the individual corporator does not carry on the business of the corporation and this is not weakened by the fact that the extent of his holdings enables him to exercise control. The profit from buying and selling investments by such a corporation having such powers, as they undoubtedly have, is taxable if such buying and selling is carried on as a trade, and this must be determined by a scrutiny of the history, short or long as it may be, of the company's activities. The mere sale of a piece of property at a profit does not necessarily mean that that profit is taxable. In general, however, it would seem that the section lends itself more clearly to taxing the trading and dealing in bonds than exempting the profit derived therefrom, even though the transactions be extremely few.

As to long established trading concerns, who have a gross revenue from investment in excess of one-quarter of the gross revenue of the company, it would seem that the strict interpretation would require that they be taxed as a personal corporation if controlled by one person but would not include as taxable income the profit on the sale of an investment, inasmuch as a scrutiny of the history of such concerns would indicate that it was not carrying on the business of buying and selling securities.

Western Homes Adds $20,000 to Reserve

Annual report of Western Homes, recently issued, showed earnings of $99,038, a slight increase from 1925. Comparative figures follow:

Profit and Loss

	1926	1925
Profits and balance forward	$99,138	$98,281
Dividends and income tax	$54,626	$67,408
Reserve	20,000	.....
Surplus	$24,512	$30,872

In discussing the growth of the company over a period of difficult years, it having been commenced in 1915, M. Willis Argue, general manager, recalls the fact that at the end of the first year its assets were only $36,000, while they now total $1,137,397.

Its subscribed capital at the close of 1926 amounted to $2,605,400 and it is planned this year to bring the amount up to $3,000,000. A reserve account of $300,000 has been commenced and this is being built up by diverting a portion of the earned income, formerly paid out in dividends and by adding to it an equal amount contributed from the premiums paid on stock. It is anticipated this amount set aside as a reserve fund will be reached in 1929, and as soon as this has been accomplished, the present intention is then to increase the rate of dividends paid to shareholders. Surplus reserve and deferred profits now stand at $82,432.

DOMINION POWER PLANS EXTENSION

HAMILTON.—Dominion Power and Transmission Co. is reported to be planning to extend the service of the Hamilton, Grimsby & Beamsville line to St. Catharines, from which place there would be direct connections to Niagara Falls and Buffalo. It is also possible that a bus service will be inaugurated by this company between Hamilton and Niagara Falls and Buffalo. Negotiations are reported to be in progress for the purchase of Hamilton Bus Lines, Ltd.

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Stock Market Record

WEEK ENDING FEBRUARY 22

	Div. Rate	Yield Feb. 21	High for wk.	Low for wk.	Close Feb. 22	Close Feb. 15	Sales for wk.	Range, 1927 High	Range, 1927 Low
Banks—									
Commerce	12+1	5.38	242½	239	240	242½	220	248	228
Dominion	12+1	5.70	228½	227	228½	225	58	230	217
Can. Nationale	10	6.13	165	163	163	165	29	165	160½
Imperial	12+1	5.85	222	221½	222	221½	97	223	214
Montreal	12+2	4.87	289	286	286	286	261	295	272
Nova Scotia	16	5.14	311	310	311	310	7	311	298
Royal	12+2	5.42	260	258	258	259	856	266	258
Standard	12	5.88	204	202	203	203⅞	286	207	196
Toronto	12	5.17	233	230	232	233	121	238½	230
Paper—									
Abitibi, com. (no par)	5	5.61	89	84½	87⅝	85½	6584	89	82
Do. pref.	7	6.03	..	...	...	...	...	116	113
Belgo-Can. pref.	7	6.81	102¾	102¼	102¾	102¾	66	102¾	101
Brompton (no par)	50c	1.51	33	31⅝	32⅞	32½	1081	35	31⅝
Inter. Paper, com.	$2	3.54	56½	54⅝	56½	55	4000	60¼	53⅛
Laurentide	6	5.71	106½	104½	105	104½	4387	110⅝	101¾
Price Bros., com.	2	3.33	60	60	60	60	200	63	59
Do. pref.	6½	6.35	102	101½	102	103	85	104	100¾
Prov. Paper, com.	6+1	5.60	125	125	125	120½	20	125	115
Do. pref.	7	6.60	..	...	...	...	...	107	105¼
Smith, Howard, com.	.	...	68	66	66	66	536	68¾	60½
Do. pref.	8	7.40	108	107	107	106	28	108	103½
Span. River, com.	7	6.94	102	100	101	101¼	1605	104¼	99
Do. pref.	7	6.11	114½	113¾	114¼	114	315	115¼	112
Wayagamack	$3	6.18	49	48½	48½	46¾	55	54¾	46¾
Steel and Steel Industries—									
B.E. Steel, com.	.	...	1⅝	1	1	1¼	445	1⅝	¾
Do. 1st pref.	.	...	20½	20	20	22	195	22¼	17½
Do. 2nd pref.	.	...	3½	3	3½	3⅝	2520	4	2½
Can. Car & Found., com.	.	...	48	46½	47	47	1076	50¼	45½
Do. pref.	7	7.60	94½	89¾	94	90	3255	94½	89
Can. Fairbanks, pref.	.	...	..	...	...	...	...	80	80
Can. Forgings, com.	.	...	20½	20	20	...	280	20½	20
Do. pref.	.	...	79	75	79	70	75	79	66
C.G.E., com. (par $50)	.	...	..	...	...	...	...	50	50
Do. pref. (par $50)	7	6.00	58¼	57	57	58	85	58¾	56¼
Can. Locomotive, com.	.	...	..	...	...	...	...	48	40
Do. pref.	7	7.86	89	87¾	89	87½	311	89	85½
Canada Iron, com.	.	...	..	...	...	...	...	12	12
Do. pref.	4	9.09	..	...	...	...	...	44	42
Dominion Bridge	4+2	4.08	148¾	141½	143	146	6904	148¾	116¾
Dominion Coal	.	...	72	72	72	72	20	75	71
Dominion Iron, pref.	.	...	..	...	...	...	...	5	5
Dom. Radiator, pref.	7	6.88	101¾	101¾	101¾	101¾	10	101¾	100
Dom. Steel Corp., pref.	.	...	23½	22¼	23½	22	75	25	22
Ford Motor	10	...	..	...	...	...	...	x622	500
Gould Pumps, pref.	7	7.00	..	...	...	...	...	100	100
Kelvinator, com. (no par)	.	...	15	14	14⅞	15	635	15	9⅞
Do. pref.	7	7.69	91	90	91	91	50	91	88½
McKin. Ind., c. (no par)	.	...	..	...	...	...	...	21	18
Do. pref.	7	7.44	94	93¾	94	94	110	94	93¼
Massey-Harris, com.	.	...	97¾	88	97	90½	13359	97¾	67½
Do. pref.	7	6.57	106½	105¼	106½	105	604	106¾	103½
Ontario Steel, com.	4	5.36	74½	74½	74½	73	25	78	73
Do. pref.	7	6.82	102½	102½	102½	102½	10	102½	102
Page Hersey, c. (no par)	$3	4.66	65½	61½	64	61⅝	24967	65½	55½
Do. pref.	7	5.44	130¼	123	128	123	2694	130¼	116
Pressed Metals, com.	.	...	38	37½	37½	38	10	38⅝	34¼
Do. pref.	.	...	..	...	...	...	...	85	85
Russell Motor, com.	3	6.12	..	...	...	...	...	x50	39
Do. pref.	7	7.44	94	92	94	92	90	94	90⅛
Sawyer-Massey, pref.	.	...	..	...	...	...	...	5	5
Steel of Canada, com.	7	5.49	127½	126½	127	127	1552	129½	117
Do. pref.	7	5.18	136	134	134¼	135	52	136	127
Milling and Foodstuffs—									
Arnolds, com. (no par)	.	...	25	21½	23	25½	3019	26	18
Do. pref.	7	7.69	91	91	91	90	20	92	84
Atlantic Sugar, com.	.	...	28	27½	28	27¾	300	30½	27½
Do. pref.	.	...	92	90½	92	90⅝	145	92	90
B.C. Fishing	5	5.37	94	85½	91¼	89⅝	8147	94½	73
Can. Bak., com. (no par)	.	...	29	28	29	29	42	33	28
Do. pref.	7	7.07	99	98	99	99	30	99½	98
Can. Bread, c. (no par)	$5	5.55	91	90	90	91	245	92	90
Do. pref. (A)	7	6.30	111½	111	111½	111½	33	111½	108½
Do. pref. (B)	7	6.54	107	105⅞	107	105½	97	107	103
Can. Canners, com.	.	...	30	27	29½	27	1171	30	21
Do. pref.	4	4.70	85	82¼	85	84½	2128	85	76
Canadian Salt	8	6.15	130	130	130	134⅝	50	134⅝	123
Christie Brown (no par)	$1.20	3.00	..	...	...	...	...	40½	38
City Dairy, c. (par $25)	$3+1	4.03	99¼	89	96	89¼	2482	99¾	79
Do. pref.	7	6.03	..	...	...	...	...	116	112
Cuban Can. Sugar, com.	.	...	3½	3½	3½	3½	55	4	3
Do. pref.	.	...	36	34	36	33½	58	36	29
Wm. Davies (A) (no par)	.	...	28	25½	27	26	169	29	25
Do. (B) (no par)	.	...	..	...	...	...	...	9	9
Dominion Stores (no par)	$2.40	3.42	70	69	70	69½	125	72	65
Hamilton Dairies, com.	.	...	24	24	24	24	5	25	24
Do. pref.	7	7.14	98	98	98	98½	10	98½	96
Inter. Milling, pref.	7	6.54	107	107	107	107	5	107	104
Lake of Woods, com.	12	7.50	160	160	160	160	40	160	150
Do. pref.	7	5.98	117	117	117	117	60	117	115
Loblaw, com.	$1.25	2.50	50½	50	50	50¼	62	51	48
Do. pref.	7	6.51	..	...	...	...	...	108	107
Do., rights	.	...	2½	2½	2½	2½	50	2½	2
Maple Leaf Mill, com.	.	...	63	63	63	61½	30	63	61½
Do. pref.	7	7.07	99½	99	99	99½	31	101¼	99
Ogilvie, Flour, com.	5	2.08	240	240	240	246	45	250	205
Do. pref.	7	5.73	122	120¼	120¼	122	20	122	120¼
Pure Gold Mfg. (no par)	$2	10.00	..	...	...	...	...	20	19¾
Shred. Wheat (no par)	$3	5.21	58	56½	58	57¾	455	58	55
St. Law. Flour, com.	.	...	30	30	30	31	5	31	30
Do. pref.	7	8.43	..	...	...	...	...	84	83
Viau Biscuits, com.	.	...	26	23	23	24	47	26	23
Do. pref.	7	8.14	86	86	86	86	65	88½	85½
Western Gros., c. (no par)	$1	...	28	25	26	29	93	29	23
Do. pref.	7	8.86	84	77	77	81	36	84	74¼
West. Can. Fl., c. (no par)	$1.40	6.00	23⅞	23⅞	23⅞	23	85	24¼	22
Do. pref.	6½	6.31	103	103	103	103	10	103	100
Utilities—									
Bell Telephone	8	5.26	158½	141	148	140¼	6260	158½	137
Calgary Power	.	...	..	...	...	...	...	50	50
Consumers Gas	10	5.71	176	175	176	174½	137	177	171½
East Koot. Power	.	...	26	26	26	26½	3	29¼	26
Do. pref.	7	7.21	..	...	...	...	...	97	97
Inter. Util. (A) (no par)	$3.50	...	..	...	...	...	...	31	28
Jamaica Pub. Ser., pref.	7	7.07	99	99	99	99	40	99	97
Laurentide Power	5	4.31	116	116	116	115	10	120	112½
Mackay, com.	7	5.60	125	120	125	120	742	127½	119
Do. pref.	4	5.51	73	71¾	72	72	1068	73	69¾
Mexican Light, com.	.	...	..	...	...	...	...	31	27
Do. pref.	.	...	..	...	...	...	...	95	77¼
Mont. L H & Pr. (no par)	$2	2.71	74¾	72¼	74¾	72¼	13417	75	68½
Montreal Teleg. (par $40)	8	5.33	..	...	...	...	...	50½	49¼
Nor. Mex. Pr., com.	1	...	59	54	57¾	55	1249	59	42
Do. pref.	7	8.48	85	85	85	82½	15	86	82½
Ottawa & Hull Pr., com.	.	...	..	...	...	...	...	28	28
Do. pref.	7	7.03	..	...	...	...	...	99½	96
Ottawa L. H. & Pr., com.	6	6.00	100	100	100	98½	41	101	98½
Do. pref.	6½	6.25	104	103½	104	103½	11	104	102
Quebec Power, com.	6	2.65	228	225	226	225	1589	230¼	190
Shawinigan	$2	2.92	68½	68	68⅝	68	6544	69⅝	67
South. Can. Pr., com.	2	2.23	89½	89	89	89	24	90	89
Do. pref.	6	5.97	101¼	100½	100½	100½	43	102	100
Transportation—									
Can. Pacific Rly.	10	5.29	189½	176⅞	185½	175	1713	189½	166
Can. Steamships, com.	.	...	37	36½	36½	36	756	39¼	35
Do. pref.	1½	6.81	88	87	88	87	1163	89⅛	82½
Do. voting	.	...	33	32½	33	33	215	35	32½
Tractions—									
Barcelona (par $50)	.	...	40⅞	40½	40½	41	70	42	33½
Brazilian, com.	6	5.09	119⅝	116½	119⅝	117½	23840	119⅝	102½
Do. pref.	6	5.60	108½	107	108½	107	115	108½	104
Detroit Un. Rly.	.	...	..	...	...	...	...	2⅝	2
Duluth-Superior	.	...	27¼	27	27	27	30	27½	27
Illinois Traction, pref.	6	...	..	...	...	...	...	x100½	96½
Montreal Trams.	10	5.70	175¼	175¼	175¼	175	30	175¼	169
Ottawa Traction	4+1	7.57	66	66	66	65	77	68	64
Porto Rico Rlys., com.	2	2.86	69¾	69¾	69¾	70⅝	10	70⅝	59
Do. pref.	7	7.58	93	92¼	93	92	20	93	90
Twin City, com.	5	7.63	65¾	63¾	64	65¾	1044	66	60¾
Do. pref.	7	7.00	..	...	...	...	...	100	100
Winnipeg Elec., com.	1	...	64⅛	63¼	63¾	64	2249	66½	60¾
Do. pref.	7	6.79	103	103	103	102	216	103½	100¾
Textiles—									
Can. Conn. Cotton, pref.	4	8.00	..	...	...	...	...	50	36
Can. Converters	7	6.86	102	102	102	101½	128	102¼	100
Can. Cotton, com.	8	6.50	..	...	...	...	...	125	120
Do. pref.	6	6.00	100	99½	100	100	140	100	95
Can. Woollens, com.	.	...	10	10	10	10	2	10	6
Do. pref.	.	...	63	63	63	61⅛	200	63	60
Cosmos Imp., com.	.	...	15	14⅝	15	14½	515	15½	13
Do. pref.	4	4.30	93	92	93	92½	168	93	91¼
Dom. Textile, com.	5	4.56	109½	109	109½	109	383	110	105
Do. pref.	7	5.95	..	...	...	...	...	120½	117
Monarch Knitting, com.	.	...	..	...	...	...	...	7½	7½
Do. pref.	.	...	51½	51½	51½	50	9	54	50
Montreal Cottons, com.	6	5.35	112	110⅝	112	115	5	115	110
Do. pref.	7	5.98	..	...	...	...	...	117	115
Penmans, com.	8+2	4.58	218	207	217¾	210	965	218	182¼
Do. pref.	6	5.88	102	102	102	103	13	103	101½
Wabasso Cotton	6	5.21	116	114	116	111⅛	135	116	100½
General Industrials—									
Amer. Sales, c. (par $20)	4	5.71	70	70	70	70	410	71½	67
Do. pref.	7	7.14	98	98	98	97⅞	63	98	97½
Asbestos Corp., com.	.	...	23	22	23	23	1555	24¾	22
Do. pref.	7	8.23	85⅝	84	85⅝	85	1850	87	82¾
Building Products, pref.	7	7.29	96	96	96	95	10	96	93½
Brant Cord., pf. (par $25)	8	9.09	22½	21¾	22½	22½	288	23⅝	21
Burt, F. N., com.	12	4.76	63¾	59	61½	59	1265	63¾	58
Do. pref.	7	3.33	..	...	...	...	...	x210⅛	210⅛
Canada Cement, com.	6	4.34	138¼	135½	137½	138	4448	139	124½
Do. pref.	7	5.83	120	119	119	120	258	120¼	117
C. Ind. Alc. (no par)	$1.28+20	4.92	26¼	25⅛	26	25¾	7519	27	21¼
Canadian Oil, com.	5	4.00	..	...	...	...	...	125	99
Do. pref.	8	6.83	117	116½	117	117½	40	118	115½
Crow's Nest Coal	6	9.30	64½	63½	63½	66	66	66½	63½
Dom. Glass, com.	7	6.60	106⅝	105½	106¼	107	442	108	104
Do. pref.	7	6.19	..	...	...	...	...	114½	112
Dom. Rubber, pref.	7	8.75	..	...	...	...	...	x87½	80
East Theat. c. (par $25)	.	...	28	28	28	27½	205	30	24
Do. pref.	7	7.36	..	...	...	...	...	95	94
Famous Players, com.	.	...	28½	28½	28½	29	5	29	20
Do. pref.	8	8.16	99½	98	98	98	84	101	93¾
Gilman, com.	6	4.91	..	...	...	...	...	x127⅛	104½
Do. pref.	7	5.60	..	...	...	...	...	125	125
Goodyear Tire, pref.	7+3½	6.89	102	100	101½	100	453	102	94½
Holt, Renfrew, com.	.	...	..	...	...	...	...	48	43
Do. pref.	7	7.77	90	90	90	90	40	90	85
King Ed. Hotel	.	...	24	24	24	24	10	29¼	20
Lyall Construction	.	...	45½	44	45	45	290	45¼	35¾
Loew's, com.	.	...	..	...	...	...	...	40	38
Do. pref.	7	7.10	..	...	...	...	...	102	96½
Nat. Brew., c. (par $25)	4	5.75	69⅜	68½	68½	70	1235	71⅝	65
Do. pref.	7	6.42	109	109	109	109	65	110	105
National Brick, com.	.	...	..	...	...	...	...	10	8
Do. pref.	7	9.85	73	71	73	79½	265	81	65
Pacific Burt, com.	6	6.81	88	88	88	88	105	89	88
Do. pref.	7	6.60	106	106	106	106	19	108	106
Port Hope Sanitary, com.	3	2.40	..	...	...	...	...	130	125
Do. pref.	7	6.66	106	106	106	105	228	106	90
Rogers, Wm., com.	.	...	70	67½	70	68	245	70	64
Do. pref.	7	7.38	..	...	...	...	...	98	92
Seagram	.	...	24⅝	23	24	24¾	19000	25	15
Sher-Williams, com.	6	4.00	150	150	150	152	25	152	142
Do. pref.	7	5.88	118	118	118	119	10	120½	118
Sterling Coal	4	11.11	..	...	...	...	...	36	36
Tooke Bros., com.	.	...	..	...	...	...	...	x8	8
Do. pref.	.	...	84	84	84	85	6	89	82
Tuckett Tobacco, com.	4	5.55	..	...	...	...	...	72	69
Do. pref.	7	6.66	105	105	105	105	15	105	104
Woods Mfg., com.	.	...	40	40	40	45	105	45	40
Do. pref.	7	8.75	83½	80	80	84¼	35	89	80
Trust and Loan—									
Can. Landed (par $50)	10+1	5.55	100	98½	100	98½	106	100	94
Can. Permanent	12	5.47	219	218	219	220	13	221	216¼
Colonial Invest	6	...	6½	6½	6½	6⅝	13	7	6½
Huron & Erie	7+½	5.39	..	...	...	...	...	139	139
Landed Banking	9	5.59	..	...	...	...	...	161	161
Montreal Loan (par $50)	12+1	6.50	..	...	...	...	...	x50⅛	50
National Trust	12	5.00	240	240	240	240	41	255	232
Do. Rights	.	...	..	...	...	...	...	25	20
Ontario Loan (par $50)	11	4.70	..	...	...	...	...	117	111
Real Estate Loan	7	7.00	..	...	...	...	...	100	100
Toronto Gen. Trusts	12	5.26	..	...	...	...	...	228	220
Toronto Mtge. (par $50)	10+1	5.44	..	...	...	...	...	101	100
Union Trust	7	6.73	..	...	...	...	...	104	104
CURB AND UNLISTED MARKETS									
Alberta Pac., com.	.	...	26½	25¼	25¾	25¾	141	26½	25
Do. pref.	7	8.00	..	...	...	...	...	87½	87½
Asbestos Warrants	.	...	..	...	...	...	...	34¾	34½
Anticosti, pref.	7	7.08	..	...	...	...	...	98¾	98¾
Attendu Engine (par $1)	.	...	19⅝	17	17	19¼	710	35½	15
Can. Light & Pr.	.	...	21½	21¼	21¼	20¾	50	23	20¾
Beacon Oil	.	...	18¾	18	18	18¼	703	20⅝	18
Belding, com.	6	7.31	..	...	...	...	...	88	82
Do. pref.	7	7.00	100	100	100	...	25	100	100
Brit. Amer. Oil	80c	...	24⅛	22½	22½	24⅛	11482	24¼	20
Brew. & Distil. (par $5)	.	...	4⅝	4½	4⅝	5	200	5½	4½
Can. Brewing	.	...	26¾	26¾	26¾	29½	60	30¼	26¾
Can. Nor. Pr., c. (no par)	.	...	51	51	51	51	23	52	42
Do. pref.	7	7.07	99½	99	99	99	225	99½	98½
Cockshutt, pref.	4	5.33	76	75	75	76	265	77	72
Continental Oil	$1	4.76	21½	21½	21½	22	100	22¼	20
Cosgrave Brew. (par $10)	5	6.84	7¾	7¾	7¾	7¾	590	8	7
Cooksville Shale Brick, c.	.	...	..	...	...	...	...	10⅝	10⅝
Do. pref.	4	...	..	...	...	...	...	50½	50½
Com. Alcohol	.	...	54	52	54	50	135	54	49½
Dom. Engineering	$3	1.91	157	150	150	154	87	157	135
Dryden Power (no par)	.	...	14	12¾	12⅝	13	46	15½	11½
Eastern Dairies (no par)	.	...	21¾	21½	21½	22	113	22⅝	20½
Do. pref.	7	7.44	..	...	...	...	...	96½	94
Eng. Elec., com. (no par)	.	...	..	...	...	...	...	16	15
Do. pref.	.	...	..	...	...	...	...	75	72½
Good. & Worts (no par)	$1	2.00	57¼	47¼	57¼	47⅝	9738	57¼	43
Hiram Walker	.	...	41	37½	40⅝	39⅝	14174	41	28½
Illinois Power, pref.	7	7.05	99½	99	99½	99¼	28	99¾	98
Imperial Oil	$1+12½	2.50	46¼	43¾	44⅞	46	17904	46½	37⅝
Imp. Tobacco, c. (no par)	6	...	7	6⅝	7	7	1540	7½	6⅝
Inter. Petroleum	75c	2.20	35¼	33	33⅛	35	9051	35½	32
Manitoba Power (no par)	.	...	57½	56	57½	57	80	58½	50
McColl, com. (no par)	80c	3.00	28½	25	27⅞	25	1549	28½	22½
Do. pref.	7	6.76	104½	103½	104½	102½	60	104½	[illegible]
Mount Royal, com.	.	...	4½	4½	4½	6	3	6	4½
Do. pref.	.	...	..	...	...	...	...	55½	54
North Star Oil, com.	.	...	160	150	160	115	293	160	115
Do. pref.	7	...	501	490	495	500	95	501	490
N.S. Car, com.	.	...	23	22	23	23½	51	25	18¼
Ott. Mtl. Pr., c. (no par)	.	...	20	19¼	20	20	286	20	19
Do. pref.	7	7.29	48	47½	47½	48⅝	15	48⅝	47½
Ottawa River Pr. (no par)	.	...	..	...	...	...	...	26	25
Paton Mfg., com. (no par)	.	...	..	...	...	...	...	56	55
Do. pref.	.	...	..	...	...	...	...	100	99
Power Corp., c. (no par)	.	...	28¼	28	28¼	28½	1016	29⅝	28
Do. pref.	6	6.15	97½	97	97½	97	15	97½	94
Port Alfred, pref.	7	7.21	97⅛	97	97⅛	96	50	97½	96
Que. South Pr. (no par)	.	...	..	...	...	...	...	28½	25
St. Maur. Power	.	...	96½	96	96	98	117	98	96
St. Maur. Valley, com.	.	...	52	50	50	52½	413	56½	50
Do. pref.	7	7.21	98	97	97	97	55	98	95
Simpson, Robt., pref.	6	5.97	..	...	...	...	...	100½	100½
Sovereign Secs. (par $5)	.	...	..	...	...	...	...	200	200
St. Law. Pap., c. (no par)	.	...	45	44¾	45	44½	61	54	44
Do. pref.	8	7.61	..	...	...	...	...	108	105
Toronto Dairy	.	...	..	...	...	...	...	90½	90½
Toronto R.S.	.	...	..	...	...	...	...	150	150
United Secs., com.	.	...	..	...	...	...	...	51	50
Do. pref.	6	5.71	105	105	105	105	35	108	104
Volcanic Oil	63c	...	37	37	37	37	30	39	37
Venezuelan Pete. (par $5)	.	...	7¼	7¼	7¼	7¼	75	7½	6¾

x Quotations for 1926. No sales recorded in 1927 to date.

For sound investment we offer subject to prior sale:

Province of Ontario .....5 % bonds due 1948
Province of Alberta .....5 % bonds due 1943
C. N. Ry. (Dom. of Canada guaranteed)....4½% bonds due 1954
City of Edmonton .....5 % bonds due 1933
Canada Steamship Lines .....5 % bonds due 1943
Jones Bros. of Canada .....6½% bonds due 1946
Canadian Rail and Harbor Terminals.....6½% bonds due 1951
Ancroft Place, Limited .....6½% bonds due 1946

Enquiries Solicited.

STEWART, SCULLY CO.
LIMITED
Government, Municipal, Real Estate and Corporation Bonds.
Royal Bank Building, Toronto 2.

CITY OF REVELSTOKE

Condensed Financial Statement for Year Ending December 31, 1926.

ASSESSMENT AND TAXATION FOR 1926

	Land	Improvements	Taxable
For School Purposes	$1,045,495.00	$1,410,300.00	$1,750,645.00
For Municipal Purposes	894,720.00	1,326,250.00	1,557,845.00
City Exemptions	857,300.00	471,700.00	....

Improvements taxed on 50% of assessed value; Exemptions above do not include this exemption.

TAX RATE: General and Debt, 9 mills each; School, 20 mills; Total, 38 mills.

Total Tax and Frontage Levy		$71,947.31
Total Collected, 80%		57,530.08
Total Balance Unpaid		$14,417.23
Arrears, January 1st, 1926	$20,594.57	
Collected during 1926	13,538.23	
		7,056.34

DEBENTURE DEBT, SINKING FUND, ETC.

	Bonds O/S	Reserve Required	Net Debt	Annual Skg. Fund
Waterworks	$ 64,500.00	$ 21,836.07	$ 42,663.93	$ 1,404.74
Electrical	261,000.00	87,493.96	173,506.04	8,600.25
Local Improvements	62,000.00	41,342.76	20,657.24	4,234.04
Schools	39,000.00	8,973.70	30,026.30	886.29
General	139,000.00	64,283.53	74,716.47	12,719.14
Total	$565,500.00	$223,930.02	$341,569.98	$27,844.46
Cash Surplus		495.62	495.62	
Net Debt			$341,074.36	

Debentures mature as follows:—

1927	$75,500.00		$ 167,500.00		$408,500.00		$428,500.00
1928	12,500.00	1931	4,000.00	1936	4,000.00	1941	4,000.00
1929	4,000.00	1932	55,500.00	1937	4,000.00	1942	1,000.00
1930	75,000.00	1933	19,000.00	1938	4,000.00	1960	68,000.00
		1934	119,000.00	1939	4,000.00	1961	50,000.00
		1935	43,500.00	1940	4,000.00	1963	14,000.00
Fwd.	$167,500.00	Fwd.	$408,500.00	Fwd.	$428,500.00	Total	$565,500.00

Issues above represent $70,000.00 Serial and $495,500.00 Sinking Fund Bonds.

No other bonds guaranteed by the City. No unsold bonds on hand.

Borrowing Limit for General Purposes only	$609,994.00
Debentures Issued, General Only	139,000.00
Net Per Capita Debt (all purposes including Utilities)	97.45
Net Per Capita Debt (Payable from Tax Levy)	35.83

REVENUE AND EXPENDITURE, 1926

	Revenue	Expenditure	Deficit	Surplus
General	$ 73,265.74	$ 84,752.24	$11,486.50	$.......
School	48,006.44	46,625.37	....	1,381.07
Light	45,962.40	46,837.38	874.98	....
Water	15,003.20	9,001.91	....	6,001.29
Totals	$182,237.78	$187,216.90	$12,361.48	$7,382.36

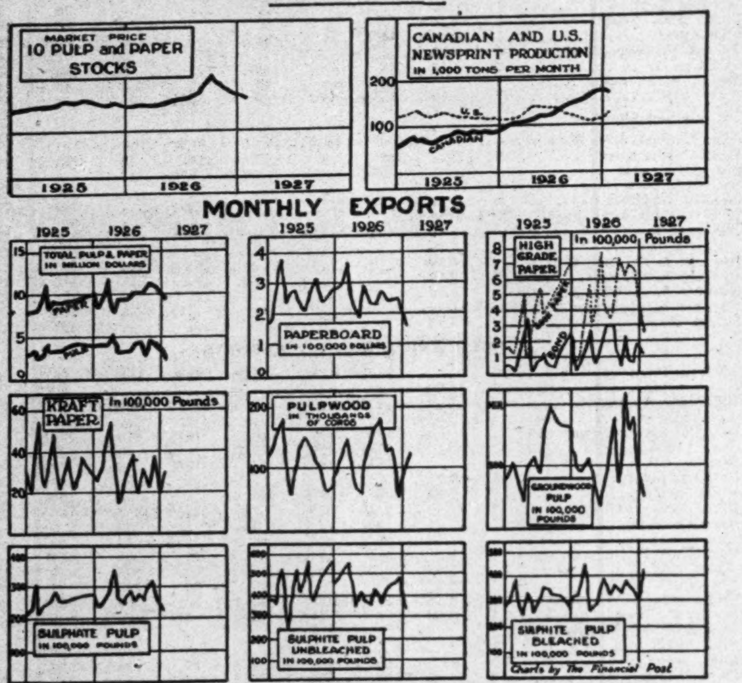
ASSETS, LIABILITIES AND SURPLUS

	Assets	Liabilities	Surplus
Current	$127,769.09	$ 20,782.68	$106,986.41
Sinking Fund	224,425.64	223,930.02	495.62
Fixed	653,550.00	341,569.98	311,980.02
	$1,005,744.73	$586,282.68	$419,462.05

Population, 1926, estimated 3,500. Area, 570 acres.

Pulp & Paper

Statistics Show What is Behind Stock Slump



From Our Own Correspondent.

MONTREAL.—While the accompanying chart reveals a decided downward trend in the total exports of pulp and paper during December and January, yet the trend has not been continued long enough to be particularly significant. The total exports of pulp and paper during the month of November, 1926, amounted to $15,551,525 as compared with $13,449,017 in January of this year. A decline of over $2,000,000 in two months. This figured on a percentage basis is large, yet it is not as large as the decline in exports experienced in April, 1926, and the past year was entirely satisfactory as far as the pulp and paper industry was concerned. What the present decline does indicate perhaps is the fulfillment of the many economic forecasts made in the autumn of 1926, namely, that business in the United States would show some slackening towards the beginning of 1927. The major portion of the Canadian exports of pulp and paper find their market in the United States.

Sulphate Exports Are Off

The exports of sulphate pulp have declined sharply and the total for December and January is smaller than any two months since June and July in 1925. The chart reveals that there is usually a good demand for sulphate pulp in February and March; doubtless the exports in this grade are increasing sharply at the present time.

Paperboard also experienced a thin two months and it has been some years since the exports were as small in any two month period. The decline in book paper exports was large, but it was less than previous seasonal declines; this augurs well for the producers of high grade paper.

Kraft paper exports were little changed. The exports of pulpwood moved upward as usual during the opening months of the year. The exports of groundwood pulp always exhibit wide monthly fluctuations and the combined exports in April and May of last year were decidedly less thn in December and January last.

The decline in the output of unbleached sulphite pulp has been practically made up by the increased exports of the bleached variety. The general trend in this section of the industry seems to be toward the production of the more finished product. Thus, for the future exports of bleached can be expected to increase, whereas unbleached pulp exports will remain more or less stationary or perhaps slowly decline.

Newsprint is Unsatisfactory

The output of newsprint from Canadian mills has declined fractionally. This in itself looks satisfactory but, taken in conjunction with the largely increased capacity of the mills, means that all the producers—more or less—will not be able to operate so close to capacity as in 1926. There is the same amount of business offering for a larger number of machines; the answer is that some, or most, of the newsprint machines will have to slow up production. This is borne out in the present rumors emanating from the mills. It is said that none of the plants are operating at the high percentage of capacity which marked the twelve months ending December last.

With this situation existing in the industry, it is but natural that the chart, which shows the average price of ten pulp and paper stocks, records a decline. Broadly speaking, the newsprint shares are the ones which have made the decline, for the outlook for the kraft, sulphite pulp and high grade paper manufacturers appears to be little changed.

Particularly for the manufacturers of high grade paper the results obtained during this year should be satisfactory. The chemical pulp producers may perhaps be affected by the fact that business in the United States will probably not experience such an advance as characterized 1926.

Backus Still Proposes Manitoba Paper Mill

From Our Own Correspondent.

MONTREAL.—E. W. Backus has sent a statement to the Manitoba Industrial Development Board to the effect that he will start the erection of a pulp and paper mill on the Red river, probably near Selkirk, by June 1 next, providing certain provisions are complied with.

Mr. Backus asks as a condition precedent to building the mill, the furnishing by the federal government "of the necessary fundamentals, viz., pulpwood and power site." He offers to give satisfactory bonds for due performance.

Dryden's Shareholders Will Retain Equity

From Our Own Correspondent.

MONTREAL.—Daylight is gradually breaking through the gloom which has for some years surrounded the Dryden Paper Company. It is understood that earnings are showing a decided increase, and that the company has been able to pay off all the prior obligations incurred by the receivers.

Some years ago there was the danger that the shareholders in the company might lose their entire equity, but this danger seems to have passed away. The market for Dryden's output of paper is naturally in Western Canada, and improving business conditions there have made themselves felt in the income account. During the past two years the market for sulphate pulp has also been maintained at a satisfactory level, with a resulting benefit to Dryden, to its bondholders, and to its shareholders. It seems reasonable to presume that the company might pass out of receivership during the current year.

All Brompton's Newsprint Sold Ahead for 1927

MONTREAL.—The Brompton Pulp and Paper Company has sold its newsprint output for the entire 1927 year. It is said that the purchasers are the Hearst publications in the United States. There seems to be no chance of any decline in the current market price for newsprint paper, despite the fact that there is a surplus production on this continent. Therefore, as far as its newsprint output is concerned, Brompton seems to be in a satisfactory position.

The capacity of the Brompton Pulp and Paper Company's mills amounts daily to 230 tons of newsprint, 110 tons of sulphate pulp, 30 tons of wrapping paper and 60 tons of boards. At its United States mills, the company produces kraft paper and sulphite pulp which is manufactured into high-grade paper and various paper specialties.

Exchange Limits Size

MONTREAL.—The executive committee of the Montreal Stock Exchange has decided to reduce the number of its seats held in the treasury from eight to three. The three seats will be held for sale at $40,000 each and, when sold, there will be seventy members in all of the Montreal Stock Exchange.

The buoyant market experienced during the past year and a half has increased the trading volume on the exchange to a large extent, and seats are in good demand; it is understood there are several buyers for seats in the market at the present time.

Little Chance of Laurentide Deal at Present

From Our Own Correspondent.

MONTREAL.—Many thoughtful investors here believe that all chance of Laurentide entering a merger is past—at least for the time being. It is felt that the only two possible buyers would be the International Paper or the St. Maurice Valley Corporation. It is felt that neither of these will purchase the property in the near future, for, in the first place, the Laurentide management would probably demand cash, or the equivalent of cash. A figure of $125 per share is freely quoted as the price which is asked.

To acquire the company on a cash basis, either of the other two companies would have to issue new securities, and it is felt, in view of the newsprint surplus which exists to-day, that the issuance of a large block of securities to acquire the property would be difficult.

Exchange Basis Impracticable

Then again, it is possible that either the St. Maurice Valley Corporation or International Paper would willingly acquire Laurentide on an exchange of securities basis, but it is said that such an exchange would not meet with the approval of the Laurentide management. In any event, with the St. Maurice Valley Corporation such an exchange would mean the issuance of many millions of dollars in new securities, and it is hardly likely that the St. Maurice Valley Corporation would be willing to increase its issue of preferred shares to the extent necessary to acquire the Laurentide property.

It would still be possible for the International Paper Company to sell a large issue of bonds on Laurentide, but it is thought that the management of the big U.S. producer would not view such financing in a favorable light, both because International Paper has 400 tons of newsprint to come on the market shortly from its new Gatineau mill, and because of the general situation in the newsprint market.

International Paper Co. Expansion Still Continues

From Our Own Correspondent.

MONTREAL.—According to advices received from Boston, the International Paper Company is planning to erect a big paper mill on the St. John River between Fort Kent and Madawaska. The company will seek from the Maine legislature a charter for a storage and power dam at Fish River Falls, on Fish River, just above Fort Kent. Closely linked up with the International's plans for the Fish River dam and the St. John paper mill, is the railroad which Sir Arthur R. Gould proposes to construct across Northern Maine from Washburn to Frontier Lake in Canada. The Gould railway is at present held up through failure of an agreement on stumpage rights.

International Again Expands

MONTREAL.—The International Paper Company is planning another new mill. It is to ask the legislature for a charter which will provide for a storage and power dam at Fish River, just above the village of Fort Kent. It is planned to erect a new mill on the St. John River between Fort Kent and Madawaska, Maine.

Grand Falls Work Proceeds

MONTREAL.—The work on the tunnel, which is to be utilized by the International Paper Company in its power development at Grand Falls, will proceed steadily throughout the winter. Outdoor work at the power site has ceased until the spring, but the tunneling operations have been extended to over 1,200 feet.

Chandler Property Deal Now Being Arranged

From Our Own Correspondent

MONTREAL.—Everything indicates that the St. Lawrence Pulp and Lumber Company, formerly known as the Chandler mill, is to be reorganized. The investment bankers, Greenshields and Company, have offered to provide capital to place the company on a satisfactory basis, providing the present bondholders agree to the formation of a new company in which they will obtain all the common stock. On March 12, the bondholders committee of the company will, it is anticipated, decide to accept the offer of the investment bankers and a new company will be formed which will sell a new bond issue to the public through Greenshields and Company. At the present time the mill is turning out between 125 and 150 tons of sulphite pulp daily.

Grant Bell Assessment Privileges at Liverpool

SYDNEY.—In the hope that Liverpool will within two years become the home of a large paper mill, the council of that town has granted substantial assessment and tax exemption concessions for a term of 20 years to Ralph P. Bell and his associates, promoters of the proposed plant. The resolution is to the effect that the council, subject to the approval of the ratepayers, approves legislation restricting from January 1, 1928, the assessment of the property of the company, for the purpose of manufacturing paper, to an amount not exceeding the present assessed value of the site of the proposed plant.

The legislation is to become effective on passage.

"Cement's" Subsidiaries Swell Income Account

From Our Own Correspondent.

MONTREAL.—It is understood that Canada Cement's subsidiary, the Consumer's Glass Company, has made substantial progress, especially in its beer bottle department, and it is felt that this branch of the production is bound to expand rapidly in view of Ontario's recent decision regarding liquor.

It is understood that the past year's operations of the subsidiary have added a handsome revenue to the Canada Cement Company's income and, as with the other assets of the parent company, the Consumer's Glass boldings stand at a conservative figure on its books.

The acquisition last year of the Pennsylvania Gypsum Company, of Chester, Pennsylvania, is also expected this year to play its part in swelling the earnings of the parent company.

Kraft Market Holds Up While Others Decline

MONTREAL.—Shareholders of the pulp and paper companies which produce sulphate pulp and kraft paper will note with satisfaction that apparently the only pulp and paper market in New York which is not showing some hesitancy at the present time is that of kraft paper, which remains fairly strong.

The present situation in the newsprint market is well known and hardly requires amplification, but it is not so well known that the market for sulphite pulp is also less active. It is thought, though, that the present weakness in the sulphite market is purely seasonal.

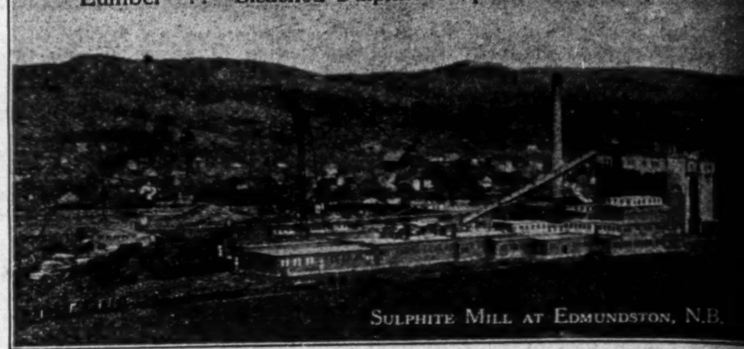
Laurentide Buys Limits

MONTREAL.—It is understood that the Laurentide Company has increased its timber limits by the purchase of the De Berthuif seigneury, in the St. Maurice Valley. The seigneury was owned by F. W. Conway, and covers 180 square miles, on which there is said to be an excellent supply of standing timber, many of the trees having a diameter of from 12 to 14 inches. The selling price was in the neighborhood of $1,250,000.

Abitibi at Capacity

MONTREAL.—The annual report of the Abitibi Power and Paper Company will be in the hands of investors early in March. It is expected to show earnings but very little different from those of 1925, when the net applicable to the common stock worked out at $11.19 per share. For the year to date, the Abitibi mills have operated at capacity—a satisfactory condition which exists in very few of the newsprint mills on this continent.

FRASER COMPANIES LIMITED
EDMUNDSTON, N.B.
Lumber :-: Bleached Sulphite Pulp :-: Fine Papers



SULPHITE MILL AT EDMUNDSTON, N.B.

Abitibi Power & Paper Company
Limited
NEWSPRINT
Head Office: Montreal Mills: Iroquois Falls, Ont.

Annual Capacity: 150,000 Tons of Groundwood Pulp. Mills at Chicoutimi and Val Jalbert, P.Q.

Quebec Pulp and Paper Mills
Limited

Executive Office: CHICOUTIMI, P.Q.
Cable Address: "SAGUENAY, CHICOUTIMI"

The Laurentide Company
Limited

Manufacturers of
Ground Wood - Sulphite Pulp
Wood Boards and Newsprint Paper

GRAND'MERE - - QUEBEC

Canadian Paperboard Company Limited
Largest Manufacturers of Paperboard in Canada
Mills at Montreal, P.Q., Campbellford, Ont., Frankford, Ont.
HEAD OFFICE: 2 Seigneurs Street MONTREAL

PORT ALFRED PULP & PAPER CORPORATION
Newsprint and Sulphite Pulp
HEAD OFFICE:
CANADA CEMENT COMPANY BUILDING
MONTREAL, P.Q.
Mills at PORT ALFRED, P.Q.

St. Maurice Valley Corporation
Successors to
Belgo-Canadian Paper Company, Limited, Shawinigan Falls, P.Q.
St. Maurice Paper Company, Limited, Three Rivers, P.Q.
Yearly Output—195,000 Tons Newsprint
Head Office:
MONTREAL-QUEBEC

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LIMITED
136 St. James Street Montreal

HYDRAULIC TURBINE
Machinery and Accessories
—Leffel Design—
Built in Canada and backed by 60 years' experience in this field
WILLIAM HAMILTON LIMITED
Head Office: Peterborough
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Wabasso Cottons
are Canada's best
WABASSO COTTONS are equal to the finest products of the English mills in beauty, fineness of texture and durability. And they are made in Canada—from only the finest grade of raw materials.
THE WABASSO COTTON COMPANY, LIMITED
Three Rivers, Que.

The Spanish River Pulp and Paper Mills Ltd.
SAULT STE. MARIE, CANADA
Manufacturers of News Print Paper

Production—720 tons daily.
Mills at
Sault Ste. Marie, Espanola, and Sturgeon Falls, Ont.

CAN. LOCOMOTIVE SUFFERS LOSS IN EIGHTEEN MONTHS

But Orders Booked Since Close of Fiscal Period Makes Situation Better

Substantial orders for locomotives and other equipment which Canadian Locomotive Co., Kingston, has received in recent weeks probably offsets in large measure the somewhat gloomy report just issued for the eighteen months ended December 31, 1926. The latest report covers this unusual period because of the change in the fiscal year of the company, but on this account, comparison with the situation as at June 30, 1925, is somewhat difficult and not entirely illuminating.

A net operating loss of $45,694 is recorded for the eighteen months, compared with an operating profit of $166,549 for 1925 and profits of $538,441 for the year ended on June 30, 1924. Further evidence that the plant at Kingston has been operating at far from capacity is that bank loans at the end of 1926 were reduced to $125.000, from the $235.000 borrowed at June 30, 1925, and the $775,000 of bank loans at the end of the 1924 fiscal year.

Current Assets Down

Current assets, including investments in government bonds and $216,000 in C.N.R. equipment bonds ,are down to $1.085.288, from $1,893.938. Current liabilities are reduced $348,366 from $382,739. This leaves a net working capital of $1,010,266, compared with $1.309.740 as at June, 1925, and $1,367,073 as at June 30, 1924.

There is an increase in capital assets, including $1,000,000 for goodwill. The figure now is $4,803,135 compared with $4,763,325 at June 30 1925. Work in process at the end of 1926 was valued at $60,895, compared with $14.057 at the end of the previous fiscal year.

The company in these last eighteen months has increased its purchases of its own bonds, $243.732 standing as an asset under this head, compared with $201,458 at June 30, 1925. The bonds issued totaled $1.500,000.

"During the period under review," the directors say in their report, "the railroads, following out their policy of retrenchment, only placed orders enough to enable your plant to be operated at 20 per cent. of its capacity, consequently. the figures shown on the annual statement will be disappointing, although. from operations together with the income from our investments we have been enabled to show an operating profit for the eighteen months of $47,531.

"Some time ago your company decided to enter into the manufacture of mining machinery and made arrangements therefor. This has led to a gradually increasing volume of business in this line and we have very good hopes that with the mining development now going on in Canada, it will shortly become a very material factor in adding to our earnings.

"We are glad to say that the immediate outlook is very bright and we look for a very different year in 1927. One of the large roads is now in the market and we have every hope that before another fortnight, we will have substantial orders on our books which will enable your shops to be operated well into the fall."

Profit and Loss

	†1926	1925	1924
Net profits	*$46,694	$166,549	$538,441
Interest	92,468	65,020	61,231
On investments	1,200	3,309	....
Allow. goodwill	....	33,199	....
Tax written off	558	....	....
Total income	$ 47,532	$268,077	$599,672
Less: Interest	135,000	90,000	90,000
Depreciation	100,000	100,000	....
Sinking fund.	22,500	15,000	15,000
Pref. dividends.	157,500	105,000	105,000
Com. dividends.	....	40,000	80,000
Adjust. goodwill	....	....	36,901
	$415,000	$350,000	$326,901
Balance	x$367,468	x$81,923	$272,771
Prev. balance	998,225	1,080,148	807,377
P. & L. balance	$630,757	$998,225	$1,080,148

*—Loss.
†—For 18 months.
x—Debit.

MACKAY CO. WINS CALIFORNIA CASE

Supreme Court Opens Way to Enable Postal to Compete There

A legal decision of great importance to the Mackay Companies has been handed down by the supreme court of California. Under the ruling of the court the Postal Telegraph Co., a subsidiary of the Mackay Companies, is given full power to extend its telephone and telegraph lines throughout the State of California, a decision of paramount importance to the Mackay Companies in connection with its plans for future expansion and, moreover, on account of the precedence it established. The following statement was issued by President Clarence H. Mackay:

"The judgment of the court conclusively determines that a telegraph company which has accepted the provisions of the Act of Congress of July 24, 1866, cannot be compelled to secure a certificate from the railroad commission as a condition precedent to the operation by it for the conduct of intra-state business, within the state, and it sustains the point that such a telegraph company has the lawful right to construct and extend its lines within the state without being subject to interference by or dictation to it by the railroad commission. Indeed, the decision goes to the extent of establishing as a matter of law that an interstate telegraph company may construct and extend its lines within the state of California without going through the formality of applying for or obtaining any certificate from the Railroad Commission of the state to the effect that such extension or improvements are a public necessity or for the public good. Thus the case is of widespread importance, as setting forth the limitation of power of public service commissions to restrict competition.

"This case grew out of the extension by the Postal Telegraph Co. of its lines into the Imperial Valley district of California and the opening of offices there in competition with the Western Union Telegraph Co. and the Pacific Bell Telephone Co., the Postal Telegraph Co. having announced its intention of not only giving a competitive telegraph service, but also a competitive long-distance telephone service.

"The Western Union and the telephone interests appeared before the commission to combat this competition."

February Dividend Payments

Dividends	$11,783,901
Bond Interest	14,489,675
	$26,273,576

Company	Rate	Date	Amount
Anticosti Corp., pref.	1¾q	1	$ 52,500
B. C. Fishing	1¼q	10	53,647
Belding Corti., pref.	1¾q	15	15,142
Brazilian Tr., com.	1½q	1	1,598,818
Barcelona Tr., pref.	1¾q	31	406,855
Canada Bread, com.	$2.50s	1	62,500
Can. Bakeries, 1st pref.	1¾q	15	17,325
Do., 2nd pref.	1¾q	15	17,500
Capital Trust	4y	1	24,144
Confederation Life	5q	31	5,000
Cosgrave Brewery	1¼q	15	12,500
Crow's Nest Coal	1½q	1	93,189
Continental Oil	30c	15	1,051,557
Dominion Life	4q	31	8,000
Dom. Radiator, pref.	1¾q	1	27,097
Fam. Play. 1st pref.	$2.00q	1	84,018
E. Koot. Pr., pref.	1¾q	15	13,125
Hamilton Dairies, pref.	1¾q	1	13,125
Hollinger Mines	2m	24	492,000
Imperial Oil	25+x12½cq	1	2,442,840
Imp. Tobacco, com.	1½q	—	487,354
Do., pref.	3s	—	240,900
Inter. Milling, pref.	1¾q	1	39,946
Keeley Mines	8+4s	15	240,000
Lake Shore Mines	10q	15	200,000
L. of Woods Mill. com.	3q	1	105,000
Do., pref.	1¾q	1	26,250
Loblaw Groct., c.	25+x25q	1	86,900
Do., prior pref.	1¾q	1	10,837
London Life	4q	31	4,000
London Loan	1¾q	15	15,600
McColl Bros., com	20cq	1	18,000
Do., pref.	1¾q	1	17,500
Muirhead's Caf., pref.	25c.	1	8,750
McIntyre Mines	5q	1	199,500
Montreal Cottons, com.	1½q	15	45,000
Do., pref.	1¾x	15	52,500
Mont. Loan & Mtge.	3+1	15	24,000
Ogilvie Mill, pref.	1¾q	1	35,000
Ot. & Hull Pr., pref.	1¾q	15	26,250
Port Alf. Pulp, pref.	1¾q	15	70,000
Port Hope San., pref.	1¾q	1	4,364
Royal Trust	4	31	40,000
Sher.-Williams, com.	1½q	31	20,000
Do., pref.	1¾q	31	60,112
S. Can Power, com.	$1.00q	15	60,000
Shredded Wheat	75cq	31	300,000
Viau Biscuit, 1st pref.	1¾q	1	17,500
Volcanic Oil	6s	10	68,000
Wayagamack	75c.q	1	75,000
W. Can Flour, com.	35cq	15	30,187
Do., pref.	1⅝	15	40,625
W. Grocers, com.	$1.00	15	16.943
			$9,176,900

Banks

Bank	Rate	Date	Amount
Commerce	3q	1	600,000
Can. Nationale	2½q	1	137,500
Montreal	3q	1	897,501
Provinciale	2¼q	1	90,000
Royal	3q	1	732,000
Toronto	3q	1	150,000
			$2,607,001

q—Quarterly.
s—Half-yearly.
m—Monthly.
x—Bonus.

Bond Interest Due in March

Company	Rate	Int. Date	Due	Amount
Abitibi Pulp	8	15	1931	$133,604
Andian Corp.	6	1	1940	300,000
Algoma Cen. Rly.	6	1	1964	9,564
Algoma East. Rly.	5	1	1961	57,060
Bell Telephone	5	1	1955	750,000
Brand-Henderson	6	15	1939	25,770
B. C. Electric	4¼	31	Perp.	304,258
Can. Bakeries	6½	1	1945	25,642
Can. Steel Foundries	6	1	1936	38,865
Can. Theatre	6½	1	1941	13,000
Can. Pacific Rly.	4½	1	1946	450,000
Can. Wm. Rogers	6	1	Serial	4,500
Dom. Textile	6	1	1949	155,160
Hillcrest Collerles	5	1	1940	8,125
King Ed. Hotel	7	1	1944	35,000
Lake Sup. Paper	6	1	1941	125,418
Mexico Tramways	5	1	1963	257,450
Montreal Pub. Service	5	1	1942	74,200
N. B. Power	5	1	1937	45,525
Ottawa L. H. & Pr.	6	1	1953	19,500
Ottawa Gas	6	1	1939	22,875
Provincial L. Heat	5	1	1946	28,800
Robin, Jones & White	6	1	1930	5,619
Span. River Pulp	6	1	Serial	26,490
Ste. Anne Paper	6½	1	1946	162,500
St. Law. Paper	6	1	1946	177,180
West Koot. Power	6	1	1940	30,366
Corporation Bonds				$ 3,286,471
Municipal Bonds				x 4,062,500
Provincial Bonds				x 3,199,032
War Loan	5	1	1937	2,254,172
Victory Refunding	4½	1	1940	1,687,500
				$14,489,675

x—Figure is determined by dividing by 12 the estimated total interest payable during the year on these issues.

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6611

The Royal Bank of Canada

Dodge Brothers, Inc.

Dodge Brothers, Inc., shares of which company are held by many Canadian investors, earned $26,416,181 in the year ended December 31, 1926, after taxes, insurance and depreciation. This compares favorably with a net of $17,633,363 in the eight months ended December 31, 1925. After payment of $7 on each preferred share, these earnings are equivalent to $6.46. In 1925, the earnings were $6.32 the share if the four months of operation of the predecessor company is included.

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Receiving as Saskatchewan did the greater portion of the substantial immigration of 1926, a greatly increased crop acreage in 1927 is assured.

This on top of three successive years of prosperity means that the buying power of the Province is at a point it has probably never enjoyed in the past.

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More than 100,000 irresistible salesmen carrying regularly your message to 820,000 customers, and the cost is trifling in comparison with the assured results in profitable business.

In Western Canada, this group of publications presents an exceptional opportunity in direct salesmanship.

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"THE WORLD'S WHEAT BIN"

Morning Leader and Evening Post
REGINA

Morning Phoenix and Evening Star
SASKATOON

Saskatchewan Farmer - Semi-Monthly - REGINA

Eastern Manager: A. E. Ford, 1105 Bank of Hamilton Building, Toronto
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AND NUMEROUS OTHER LINES USED BY MANUFACTURERS IN RUBBER AND OTHER TRADES.

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GLASS of all descriptions

All kinds of flat glass available

For immediate delivery and in large quantities.

Case goods, fancy glass, wire inlaid, leaded, plain, striped or prismatic, colored, church glass, etc.

Also sole manufacturers

NON-SHATTERABLE.—PERFECT VISION.—BULLET PROOF GLASS

PERFECTION GLASS COMPANY
LIMITED
MONTREAL

Executive Offices
201 Inspector St.

Factory
Atlantic Ave. and Hutchinson St.

Atlantic Sugar Refineries
LIMITED

Lantic Sugar

General Offices
211 McGILL STREET
MONTREAL

Refineries - St. John, N.B.

Public Utilities

BELL TELEPHONE NET INCOME IS DECIDEDLY LOWER

Balance Sheet Reflects Need of New Financing — 5% Earned on Common

From Our Own Correspondent.

MONTREAL.—The fact that the rates of the Bell Telephone Company at present in force are insufficient to meet the requirements of the company and pay its annual dividend is amply demonstrated in the balance sheet for 1926. After payment of all charges, including dividends, the company's operations during the year left a deficit on its books amounting to nearly $1,500,000, as compared with a deficit in 1925 of only $8,712. One of the contributing factors to the decline in net earnings was the increase in operating expenditures.

For the first time in a number of years, also, the company carried a bank loan on its books, which amounts to $6,000,000. In addition, the balance sheet reveals an entire absence of working capital and the current liabilities are nearly $7,000,000 in excess of current assets. The decline in the working capital position was caused by the fact that the company was not able to carry out additional financing through the year in order to provide for extensions to the property, pending the decision of the Board of Railway Commissioners on the application for increased rates.

Income Comparison

During the year there was a handsome increase in total operating revenues which is revealed in the following comparison of profit and loss and working capital figures over the past three years:

	1926	1925	1924
	$	$	$
Op. rev.	28,460,923	26,168,977	24,208,411
Op. exp.....	24,713,217	21,476,773	19,812,754
Op. inc.	3,747,706	4,692,204	4,395,657
Oth. inc. ...	633,877	787,903	719,482
Total inc. ...	4,381,583	5,480,107	5,115,139
Int. etc	1,915,707	1,599,654	1,348,043
Net inc. ...	2,465,876	3,880,453	3,767,096
Divids.	3,906,802	3,889,166	3,215,039
Deficit	1,440,926	8,712	*552,057
P.C. on cap..	5.05	7.98	9.37

*—Surplus.

Working Capital

	1926	1925	1924
	$	$	$
C. assets....	3,501,144	6,163,017	3,683,576
C. liabs. ...	*10,246,252	3,517,947	4,000,972
Net work cap..	x6,745,108	2,645,070	x317,396

x—Excess of current liabilities over current assets.

*—Including $6,000,000 of bank loans.

Balance Sheet Changes

Changes in the balance sheet include an increase of $11,500,000 in plant account, a decrease of over $500,000 in government bonds and a decrease in bills receivable.

In the liabilities, accounts payable have increased by over $700,000, and for the first time the bank loan of $6,000,000 makes its appearance.

The depreciation reserve shows a satisfactory increase and stands at $25,921,474, as compared with $23,328,718 at the close of 1925. Surplus account shows the deduction of $1,440,926 shown in the foregoing profit and loss figures.

In his remarks to the shareholders, C. F. Sise, the president, says in part:

"The net gain in telephones for the year was 40,840, as compared with 52,473 in 1925. This growth involved the installation of 123,706 telephones and the removal of 82,866. On the 31st of December last, 56.8 per cent. of the telephones in service were in residences.

Exchange revenue for the year was $21,008,542, as compared with $91,327,281 in 1925, an increase of $1,681,261. Long distance revenue was $6,982,143, as compared with $6,396,694 in 1925, an increase of $585,449. This is a notable increase in gross earnings from long distance service in view of the growing proportion of short-haul traffic.

Depreciation Account

A large and unavoidable increase in operating expense is in the amount required for depreciation. This amount, which is a percentage on the book value of the entire plant, had been reduced, as a temporary measure, in 1921, as required by the board of railway commissioners. The temporary rates were continued, awaiting completion of the engineering studies indicated by the board of railway commissioners as necessary, and referred to in the 1925 report. The temporary rate used in 1925 was 4.75 per cent., but 5.41 per cent. having been found by the engineers to be correct for our plant, that rate was applied in 1926, with a consequent increase in this important item of operating expense.

Maintenance Account

There has also been a heavy increase in the cost of maintenance of physical property. This expenditure is necessary because of the high standards established by the company as to quality of transmission and continuity of service —standards to which the public is now accustomed. Important factors of expense are the complexity in plant which accompanies growth generally, and the increasing proportion of the intricate machine switching equipment.

Extension of Automatic Operation

At the end of the year there were approximately 80,000 automatic telephones in operation, 25,000 at Montreal served from four central offices, 51,000 at Toronto served from seven central offices, and 4,000 at Quebec.

There has been continuous refinement and improvement in operating methods, resulting in a more personal contact with subscribers.

The results have been satisfactory, both to subscribers and to the company, because of clearer mutual understanding of service requirements and possibilities. Records and tests indicate the maintenance generally of high-grade exchange service.

Public Utility Earnings

Southern Canada Power

January—	1927	1926	Increase
Gross Earn.	$133,970	$122,139	$ 11,831
Oper. Exp.	41,810	38,159	3,651
Net earn.	$ 92,160	$ 83,980	$ 8,180

Four Months Ending January 31st—

	1927	1926	Increase
Gross earn.	$517,065	$469,347	$ 47,718
Oper. Exp.	165,977	150,671	15,306
Net earn.	$351,088	$318,676	$ 32,412

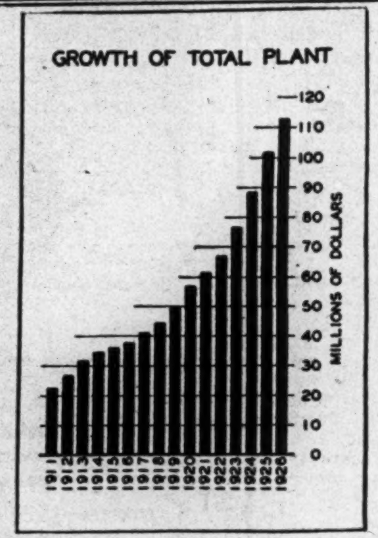

Chart shows how Bell Telephone is expanding its investment and plant to meet larger service needs.

COSMOS EARNS $1.46 ON COM. IN HALF YEAR

Company is in Exceptionally Strong Position as to Working Capital

The statement of Cosmos Imperial Mills for the last six months of 1926 shows preferred dividends earned three times over after bond interest and surplus earnings equivalent to $1.46 per share of common of no-par value. This showing is considered highly satisfactory, especially in view of the fact that the company faced somewhat uncertain trade conditions in the half year.

Net profits amounted to $113,969 and with the addition of interest on investments, amounting to $4,908, total earnings were brought to $118,877. After deductions surplus profit stood at $73,232 and adding the balance forward of $924,883, total surplus now stands at $998,114.

The ratio of current assets to liabilities is better than twenty to one and cash and government bonds on hand is close to four times the total current liabilities. Net working capital is well above a million at $1,148,272. Current assets are valued at $1,204,439 and include cash of $92,714, receivables of $300,565, investments of $155,439, and inventories of $627,061. Current liabilities are negligible, amounting in all to only $56,167. Accounts and bills payable total $7,796, and tax reserve $26,070. Bond interest and preferred dividend accrued make up the balance.

Total assets are valued at $3,587,473. Real estate, buildings, plant and equipment are given a value of $2,383,033.

On the liability side, reserves for depreciation and contingencies are included at $53,191, funded debt at $980,000, preferred stock at $1,500,000, and common, represented by surplus, at $998,114.

Home Investment Starts On 4 P.C. Dividend Basis

In annual statement of Home Investment and Savings Association, of Winnipeg, it is stated that dividends of 4 per cent. will be paid in 1926. Dividends were not paid in 1924 and 1925.

Comparative earnings figures follow:

Profit and Loss

	1926	1925	1924
Earnings	$ 66,638	$ 62,846	$ 58,653
Taxes	2,684	3,177	4,821
	$ 64,954	$ 59,669	$ 53,832
Adjust. of taxes ..	369	194	12
	$ 64,323	$ 59,863	$ 53,820
Dividends	.....	.....	59,565
Contingent	45,052	66,224	22,917
	$ 45,052	$ 66,224	$ 82,482
Balance	$ 19,271	*$6,361	*$28,662
Prev. balance	3,396	9,757	38,420
P. & L. bal.	$ 22,667	$ 3,396	$ 9,758

xDebit.

Total assets stand at $2,130,566, including $1,278,779 of mortgages; $202,499 of foreclosed properties; $344,061 of real estate, and head office building worth $127,302.

Sterling Trusts Profits Show Increase in 1926

Further progress is reported by Sterling Trusts Corporation for 1926. The showing was the best in many years. Earnings were $54,547, a gain of $6,500. After dividends and appropriation of $15,000 for reserve, profit and loss balance was reduced by $1,909.

Comparative figures follow:

Profit and Loss

Earnings	$ 54,547	$ 48,065	$ 41,499
Taxes	6,581	6,080	6,156
	$ 47,966	$ 41,985	$ 35,343
Dividends	34,875	34,623	34,202
Reserve	15,000	25,000	.....
	$ 49,875	$ 59,623	$ 34,202
Balance	*$1,909	*$17,638	$ 1,141
Prev. bal.	9,359	26,997	25,857
P. & L. bal.	$ 7,450	$ 9,359	$ 26,998

Total assets now stand at $7,196,141, being an increase of $947,193 over the previous year. Estates, trusts and agencies have expanded by $926,256 during the year, to a total of $6,432,053. Under capital assets, mortgages and agreements receivable increased by $31,926, while guaranteed trusts were $6,970 higher. The addition of $15,000 to reserve fund brought that total up to $90,000.

PROFITS LARGER FROM TELEPHONES IN NOVA SCOTIA

Maritime Tel. & Tel. Report Shows Larger Earnings in 1926

From Our Own Correspondent.

MONTREAL.—The gross revenues of the Maritime Telegraph and Telephone Company for the 1926 year reached the highest point in the history of the company and the net income after all deductions, showed a satisfactory increase over the 1925 figures.

The following figures compare the income account over the past three years and show also the improved working capital position of the company:

	1924	1925	1926
Oper. Rev. ..	$1,477,025	$1,496,416	$1,534,021
Non-op. rev..	....	32,892	34,903
	$1,477,025	$1,529,308	$1,568,924
Expenses ...	1,077,008	995,851	1,021,848
Oper. taxes ..	....	82,999	88,195
Gross inc. ...	$ 400,017	$ 450,458	$ 458,881
Rents, etc. ..	....	10,627	13,427
Interest	156,697	154,167	184,247
Net inc.	$ 243,320	$ 285,664	$ 311,207
Income tax..	25,446	27,231	25,976
Dividends ...	216,000	216,000	220,360
Balance	$ 1,874	$ 42,433	$ 64,871
P. & L. Bal. Forward ..	17,977	12,661	47,904
	$ 19,851	$ 55,094	$ 112,775
Amount of Sec. Discount ..	7,190	7,190	10,357
Tax Adj., 1925	....	....	*1,888
P. & L. Bal..	$ 12,661	$ 47,904	$ 104,306

*—Credit.

Working Capital

	1924	1925	1926
Inv. Sec.	$ 297,425	$ 336,025	$ 336,025
Work. assets.	401,116	296,251	645,612
Cur. assets..	$ 698,541	$ 632,276	$ 981,637
Cur. Liab. ..	168,440	914,926	228,261
Work. cap. ..	$ 530,101	$ 282,650*	$ 753,376

*—Deficit.

Canadian National Fire Writes Down Assets

The elimination of all their foreign business is responsible for the heavy reduction in premium income shown by the annual report of the Canada National Fire Insurance Co. of Winnipeg. In preparing their annual statement for the year ending Dec. 31, 1926, the directors of this company have decided to adopt a more conservative attitude than usual in determining the profits for the year and in the matter of the valuation of the company's real estate and other securities. The result is that the company's assets now stand at $2,608,980 as against $3,028,463 in 1925, and the gross premium shows a drop from $828,227 in 1925 to $280,173 for the current year. The gross amount of new business written by the company has been maintained fairly well and amounted in 1926 to $18,501,934 as against $18,870,631 a year ago. The company decreased its total of insurance in force from $33,507,846 in 1925 to $30,468,636 at the end of 1926.

A detailed analysis of the company's assets shows that the largest item is mortgage loans with amount to $1,128,013 as compared to $1,529,695 in 1925. These loans are on "select city properties and farm lands." The company has $134,033 invested in stocks and bonds, which is only slightly less than a year ago.

The company reports an exceptionally low loss ratio on its Canadian fire business, the figure for the past year being only 38.2 per cent. as against 53.7 per cent. a year ago, and 58.82 per cent. in 1924. During the year the company reduced its net surplus from $383,561 to $267,659. The government reserve for unearned premiums likewise shrunk from $227,103 to $143,719, a natural result of the lower premium income. Another liability that shows considerable change is the item "balances due to mortgage loans," which has risen during the year from $73,227 to $163,375. The contingent reserve fund has dropped from $240,000 in 1925 to $96,784, and the item "loss reserves-foreign" has decreased from $104,014 in 1925 to $6,050 for the current year.

Comparative figures for the past two years are as follows:

	1926	1925
Gross new business	$18,501,934	$18,870,631
Gross premium inc.	280,173	828,227
Net prem. inc.	202,314	746,588
Total insurance in force	30,468,636	33,507,846
Net insur. in force..	21,302,138	23,863,886
Total assets	2,608,980	3,028,463
Net surplus	267,659	383,561
Cont. Res. Fund.....	96,784	240,000
Loss Res. (Foreign)	6,050	104,014

Southern Loan Adds $35,000 to Reserve

An appropriation of $35,000 to reserve account was the most notable feature of the 1926 balance sheet of Southern Loan and Savings Company, of St. Thomas, Ontario. Earnings showed an increase and exports a decline.

Comparative figures follow:

	1926	1925	1924
Earnings	$195,830	$193,590	$182,101
Exp., taxes, write-offs, etc.	104,858	107,807	102,079
	$ 90,972	$ 86,666	$ 80,022
Distribution—			
Dividends .. .	63,000	63,000	63,000
Reserve	35,000	20 000	15,000
Off premises	1,000	1,000	......
Balance Fwd. ..	$ 15,780	$ 2,3807	$ 21,140

Reserve now stands at $400,000, as compared with capital of $900,000. Assets include $2,568,218 of mortgages, and $253,846 of Dominion of Canada bonds, out of a total of $3,005,873. Deposits were about the same at $544,508, and debentures higher at $1,112,810.

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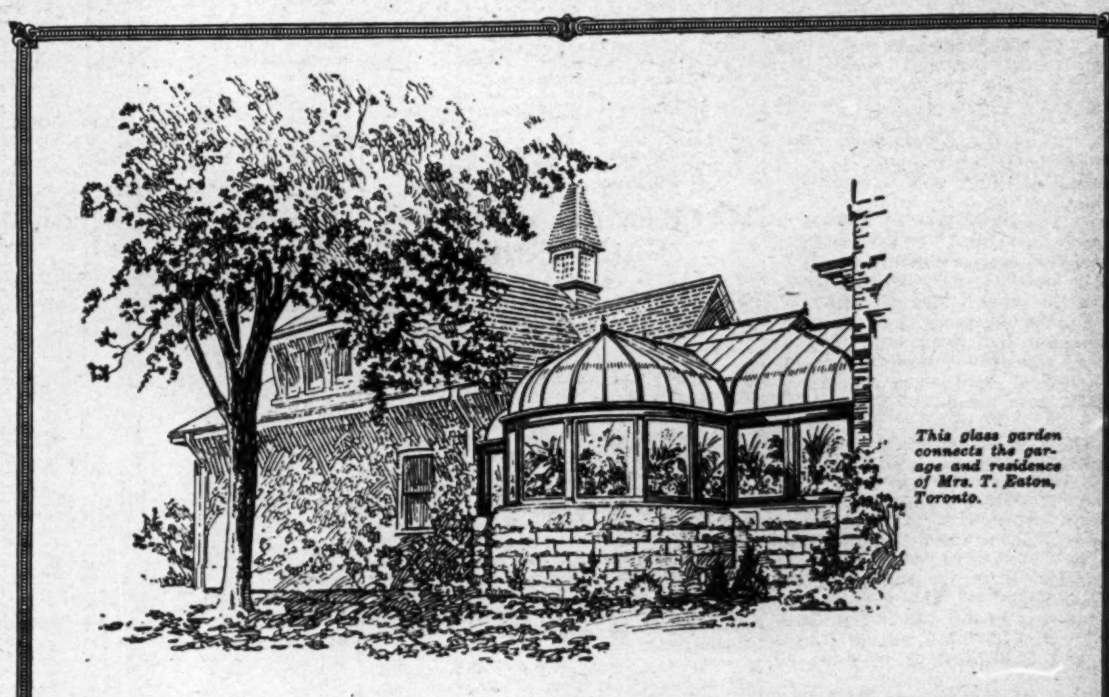
Northern Life Now Has $33,000,000 in Force

The thirtieth annual report of the Northern Life Assurance Co. of Canada, shows that the company wrote $8,418,618 of new business during the year, which gives the company a total of business in force amounting to $33,019,527. The assets are shown in the balance sheet at $5,747,774, of which $2,468,741 are in mortgages and $1,789,506 in bonds and debentures. On its invested assets the company earned an average rate of 6.15 per cent. Total income for 1926 stands at $1,383,451, the excess of income over expenditure amounting to some $255,000. The net premium income was $1,062,910, which is an increase of $144,076 over 1925.

In 1925 the company came under new management and permission was obtained from the Dominion Government to reduce the paid-up capital stock of from $512,147 to $250,000. During the current year the company's reserves and surplus were increased from $82,000 to $136,000. Two vacancies on the board of directors caused by the death of the Hon. Chas. S. Hyman and James Granger, were filled by the appointment of Gordon J. Ingram and Frank A. McCormick.

Alberta Grain Strong

MONTREAL.—The preferred shares of the Alberta Pacific Grain are quoted at around $90, and the common is changing hands at about $26 per share. The stock in the present company was sold only about nine months ago. At that time, one common share was distributed as a bonus with every share of preferred. Thus, to-day, those who purchased the stock have obtained an appreciation in their holdings of 16 per cent., or $16 for each preferred share purchased.



This glass garden connects the garage and residence of Mrs. T. Eaton, Toronto.

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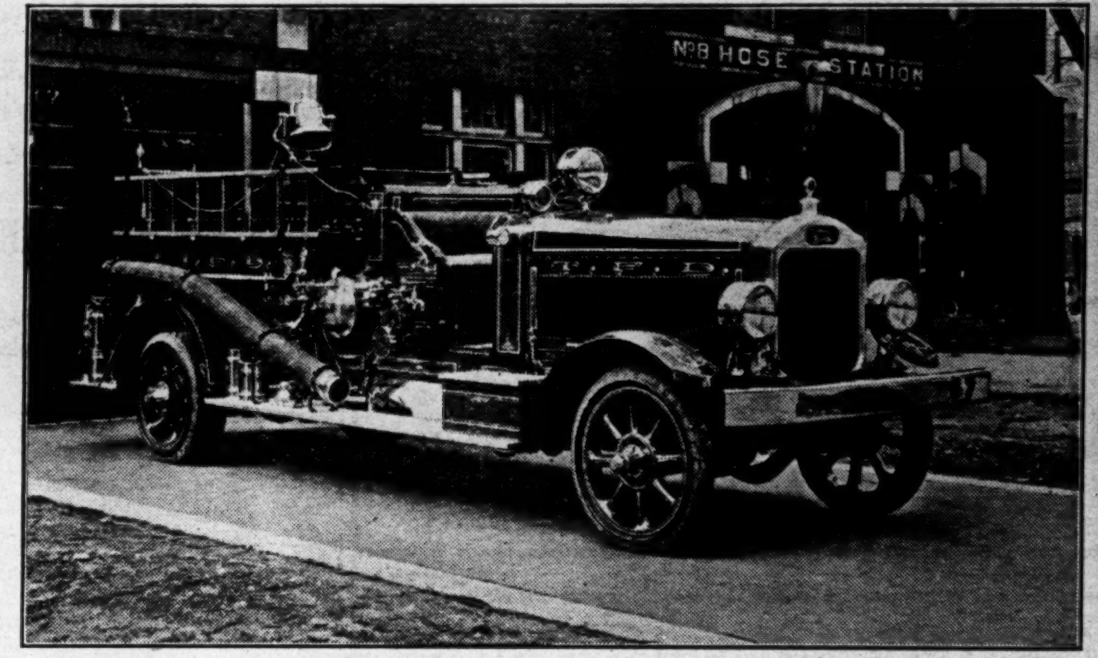

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ISSUE TO FOLLOW MARTIN'S SALE TO ARNOLD BROTHERS

Details of Financing Purchase of 68 Stores Soon To Be Known

Details of new financing for Arnold Bros., made necessary by the impending purchase of the 68 stores of A. Martin's, Ltd., in Toronto, Montreal and smaller cities, will be announced next week, according to T. A. McAuley, president of Arnold Bros. since the Arnolds sold out last Fall.

A. Martin's Ltd., formerly were the retail stores of the William Davies Co. The financial connection between the retail and wholesale departments of the Davies business was severed with the organization of A. Martin's, in 1921, but the active managers of A. Martin's were employees of long standing in the Davies business.

Each of the 68 stores of A. Martin's will be converted into a typical Arnold store, as soon as the transfer of ownership is complete. The appraisal of the property, it is expected, will be finished about Monday, after which the extent of the recapitalization of Arnold Bros. will be determined by Mr. McAuley and his associates.

See Davies Connection

The deal has been brought about as a result of the wish of the Arnold Bros. management to expand in order to secure a larger volume of business, since it is the universal experience of chain stores that profits per dollar of sale increase with volume of trade.

The A. Martin chain was not definitely in the market, but it is understood that the William Davies Co. have assisted in the negotiations. The retail trade, despite the sale and change of name five years ago, has assumed there still was a connection between the Davies Co. and A. Martin's, with the result that the William Davies Co. has had only one outlet—the Martin stores—for its products in Ontario cities and Montreal. Acquirement of the Martin chain by Arnold Bros. will remove the last vestige of connection between Davies and Martin's and widen the field for William Davies Co.'s operations.

HEAD BELL TELEPHONE COMPANY

PAUL A. McFARLANE,
General manager of the Bell Telephone Company of Canada. He is the second McFarlane to rise through the ranks in this company. His father, L. B. McFarlane, is chairman of the board.

C. F. SISE,
President of Bell Telephone Company of Canada, which in one week reported that it did not earn its dividend in 1926 and was granted rate increases that should enable it to do so in the future.

Canadian Company Seeks to Share in Large Pop Trade of Cuban Drinkers

Cubans drink pop, which is an inclusive name for any and all carbonated beverages. Cubans drink pop despite the fact that it is a country which has known prohibition only from the exporting end and by the tourists' discovery of it.

The fact that Cubans drink pop is of interest to the 150 or 200 shareholders of Orange Crush, Ltd., which has a factory, bottling works and head office in Toronto, Canada. Robert B. Lindsay, president, and E. H. Lindsay, vice-president, of Orange Crush, Ltd., are at present in Havana arranging facilities so that Cubans and visitors will drink more Orange Crush, Lime Crush and Lemon Crush, which are the principal products of Orange Crush, Ltd.

Orange Crush, Ltd., has secured from the American company the franchise rights for Cuba for these three soft drinks. The company already had the exclusive franchise for Canada.

4,000 Bars in Havana

In Havana alone, where there are 4,000 open bars, two or three times the amount of carbonated beverages are consumed annually than are consumed in Toronto, Canada, which is slightly larger. Havana drinkers drink in real hot weather eight months of the year, and the remaining four months are about as sultry as the average Canadian summer.

Orange Crush, Ltd., was prosperous in 1926, according to an official of the company. The company heretofore has not published its statements, but it is understood that 1926 was better than any recent year. This company, about two years ago, acquired Orange Crush Bottlers, Ltd., which operated plants at Toronto, Hamilton and London, Ont., and licensed bottlers elsewhere. Orange Crush Bottling Co., head office Winnipeg, is an affiliated company. This latter was in difficulties a year or two but it has been doing better since its executive offices were moved to Toronto. It has no obligations at present except to the parent company and a dispute claim for taxes from the Dominion government.

Officials of Orange Crush, Ltd., say that there are no arrears on the preferred stock of either company. No dividends are being paid on the common, which was originally issued as a bonus with the preferred. The capitalization of Orange Crush, Ltd., is $500,000 8 per cent. preferred, of which $325,000 has been issued and 20,000 shares of common of no-par common. The stock in the old company all has been retired. Orange Crush Bottling Co., Ltd., Winnipeg, has outstanding $450,000 of 8 per cent. preferred and 12,500 common of no par value. There is no funded debt, and the company owns its buildings occupied in Toronto, Hamilton and London, a small mortgage on the Hamilton property will be retired when it falls due next year, it is said.

The Bell Telephone Company of Canada

COMPARATIVE INCOME STATEMENT

FOR THE YEARS 1925 AND 1926

	1926	1925	Increase
Telephone Operating Revenues	$28,460,923.25	$26,168,977.42	$ 2,291,945.83
Telephone Operating Expenses	23,486,142.76	20,271,030.75	3,215,112.01
Net Telephone Oper. Rev.	$ 4,974,780.49	$ 5,897,946.67	$ *923,166.18
Deductions:			
Uncollectible Operating Rev.	$ 143074.80	$ 114,686.37	$ 28,388.43
Taxes Assignable to Operations	1,084,000.00	1,091,056.00	*7,056.00
Total Deductions from Operating Revenues	$ 1,227,074.80	$ 1,205,742.37	$ 21,332.43
Operating Income	$ 3,747,705.69	$ 4,692,204.30	$ *944,498.61
Net Non-Operating Revenues	633,877.68	787,903.61	*154,025.93
Total Gross Income	$ 4,381,583.37	$ 5,480,107.91	$*1,098,524.54
Deductions:			
Rent and Miscellaneous	$ 123,736.67	$ 114,088.99	$ 9,647.68
Bond and Other Interest	1,791,970.36	1,485,565.04	306,405.32
Total Deductions from Gross Income	$ 1,915,707.03	$ 1,599,654.03	$ 316,053.00
Balance Net Income	$ 2,465,876.34	$ 3,880,453.88	$*1,414,577.54
Deduct Dividends	3906,802.93	3,889,166.20	17,636.73
Deficit Charged to Corporate Surplus	$ 1,440,926.59	$ 8,712.32	$ 1,432,214.27

*Decrease.

BALANCE SHEET — DECEMBER 31, 1926

ASSETS

Fixed Capital (Including Construction Work in Progress):		
Intangible Capital	$ 76 811.20	
Land and Buildings	9,812,353.27	
Telephone Plant and Equipment	102,989,524.58	
General Equipment	1,927,779.81	$114,806,468.86
Investment Securities		2,879.627.01
Total Permanent and Long Term Investments		$117,686,095.87
Working Assets:		
Cash and Deposits	$ 414,294.78	
Marketable Securities (Dom. Govt. Bonds)	1,152,191.20	
Bills Receivable	19,851.60	
Accounts Receivable	1,125,524.56	
Materials and Supplies	746,631.22	3,458,493.36
Accrued Income not Due		42,650.79
Deferred Debit Items:		
Prepayments	$ 168,979.06	
Unamortized Debt Discount and Expense ..	1,371,489.60	
Plant Invent. and Appraisal (Unapport'ned)	276,556.67	
Other Deferred Debit Items	37,428.72	1,854,454.05
Total Assets		$123,041,694.07

LIABILITIES

Capital Stock:		
Common Stock		$49,080,400.00
Bonds—1955—5% Series "A"		30,000,000.00
Loans from Bank		6,000,000.00
Working Liabilities:		
Accounts Payable		2,529,840.40
Accrued Liabilities not Due		1,716,412.25
Deferred Credit Items:		
Liability for Employees' Benefit Fund .....$	911,777.98	
Other Deferred Credit Items	29,570.32	941,348.30
Employees' Stock Plan—Stock Instalments		1,423,178.81
Reserve for Accrued Depreciation		25,883,116.08
Reserve for Amortization of Intangible Capital		38,357.62
Premiums on Capital Stock		1,879,172.97
Corporate Surplus		3,549,867.64
Total Liabilities		$123,041,694.07

MANY FLOUR MILLS CLOSED DOWN OWING TO LACK OF DEMAND

(Continued from page 1)

had to close some of their mills. During the past twelve weeks, mills at Buffalo have been working at 86.5 per cent. of capacity. This compares with 76 per cent. in the corresponding period a year ago, 73.6 per cent. two years ago and 70.7 per cent. three years ago. During the last five months of 1926, Canadian mills worked at 53.5 per cent. capacity, as compared with 51.1 per cent. and 55.3 per cent. capacity in the same periods of 1925 and 1924, respectively. It might be further mentioned that the average daily output of Buffalo mills during the past twelve weeks amounted to 14,521 barrels, while production of all Canadian mills for the past year was 63,217 barrels.

For a long time Canadian millers have been agitating for a more favorable freight rate or the drawing up of some reciprocal agreement with the United States as regards milling-in-bond, in order that their business may be conducted on a more equitable basis. Not only is the Dominion losing valuable trade in this connection, but it is also driving capital out of the country, for no one would be interested in establishing a mill in Canada when he could do so at Buffalo, where he avoids high freight rates and participates in all benefits of Canadian wheat without paying the 42 cents a bushel duty. Nothing has been or is being done to provide protection. Meantime, the Canadian industry is slipping back and benefits resulting from the milling of Canadian wheat, instead of being retained within the Dominion, are going across the border.

German Bonds to Be Exchanged for New Issue

Notice has been given by the Commissioner of German War Loans that holders of loans of the German Reich, irrespective of the date of acquisition, will be exchanged for bonds of the New Redemption loan before June 30th, 1927, by the Banque Canadienne Nationale, Montreal, or its branches. Bonds which have not been submitted before that time become void, and no longer represent any claim against the German government.

The basis of exchange of the mark loans of the Reich, or such bonds of Prussia, Bavaria, Saxony, Wuertemberg, Baden, Hessen, Mecklenberg-Schwerin, and Oldenburg, as have been taken over by the Reich, will be at the rate of 2½ per cent. of the gold value. The face value of all bonds issued up to the end of 1918 is equal to the gold value.

A claim for exchange exists only so far as the bondholder submits mark bonds representing 500 gold marks, or a multiple thereof. The bonds must be accompanied by the coupon sheets.

CLAIMS B.C. FISH AUDITORS RECEIVE UNSIGNED LETTER

President Aemilius Jarvis Enters Controversy Over Year's Profits

The question as to whether or not B.C. Fish 1926 earnings were at the figure rumored—$550,000—still is disturbing certain sections of the stock brokerage clientele. The controversy was enlivened somewhat on Wednesday when the following telegram was received from Aemilius Jarvis, president of the company, from Vancouver, by the Montreal and Toronto stock exchanges:

> Owing to unauthorized and misleading statements being circulated regarding this company's position and last year's profits and owing to anonymous letters written to our auditors by persons evidently unfriendly and interested in lower values, I beg to make this statement: First, nothing has occurred to change the statement made by me after the directors' meeting of 24th January. Our auditors are now checking final entries of our last year's statement which will be circulated immediately after printing, possibly ten days. The earnings for the past year have been satisfactory. Fourth, the plan of reorganizing the capital structure will be submitted at the special general meeting of shareholders of 29th March, and action will rest entirely with them.

Thus it seems that someone acting for the short interest in the stock, has been telling the auditors anonymously how they should deal with the balance sheet as prepared by the company's bookkeepers.

The plan of reorganizing the financial structure referred to in Mr. Jarvis' telegram is that a 7 per cent. preferred be issued. This preferred would be of $50 par value. The new common would be of no par value. If the plan is approved, shareholders would receive one preferred and two common for each share now held. The existing capitalization is $5,000,000 of common shares of $100 par value.

It is contended by advocates of the plan of capital reorganization that the company should be able to pay regular dividends of 7 per cent. on half its existing capitalization. This dividend would be $175,000.

The record of earnings, before depreciation and before provision for taxes, since 1921, is as follows:

1922	$22,415
1923	$125,114 def.
1924	$129,153
1925	$578,654

Net profit for 1925 was $354,220, after providing $147,040 for depreciation and $77,394 for accrued taxes. The company entered 1926 with a corporate surplus of $256,522. For 1926, 5 per cent. has been paid.

Gatineau River Power Owned by International

From Our Own Correspondent.

MONTREAL.—Before the Hull Board of Trade, Gordon Gale, general manager of the Gatineau Power Company, announced that his company had purchased the Maniwaki Power and Telephone Company which develops 2,600 horsepower on the Gatineau River above Maniwaki.

It is understood that the Maniwaki Power and Telephone Company owns all, or practically all, of the common shares of the Gatineau River Power Company. Thus, the Gatineau River Power Company is now a subsidiary of the International Paper Company. Investors are interested in the Gatineau River Power Company through its issue of bonds, which was offered publicly within recent years by the investment house of Browne, Urquhart and Company. For some time it is understood that the International Paper would probably acquire the Gatineau River Power property, in order to make possible a power development of some magnitude near Maniwaki, P. Q. The Gatineau Power Company owns some power sites adjacent to that of the Gatineau River Power Company, and a consolidation of these sites under the control of the International Paper Company's power subsidiary means that a larger ultimate development at this point is possible. Development there will probably be undertaken after the Gatineau Power concludes its large programme on the lower Gatineau.

Nesbitt Interests Obtain Paper Company Charter

From Our Own Correspondent.

MONTREAL.—Interests, understood to be associated with Nesbitt, Thomson and Company, have taken out charters for the Ottawa Valley Power Company and the Ottawa Valley Paper Company. The recently-incorporated paper company has a capital consisting of 50,000, 7 per cent., cumulative, preferred shares of $100 par value, and 100,000 common shares of no-par value. The common shares may be issued from time to time for a consideration not exceeding $5, and not less than $1 a share, or the equivalent which may be fixed by the board of directors. While the charters of both companies have been taken out, it is understood that probably no development work on the undertaking will be commenced for some time to come.

Wayagamack's Machines Increased Production

From Our Own Correspondent.

MONTREAL.—Despite the tendency toward a falling-off in the production of the newsprint mills since the beginning of 1927, it is understood that the two machines of the Wayagamack News, the newsprint subsidiary of the Wayagamack Pulp and Paper Company, at Three Rivers, P.Q., have shown a slight increase in their average output and, in January, averaged between 150 and 155 tons daily.

The company's machines are operating smoothly, and it is anticipated that the newsprint end of Wagamack's business will yield a substantial profit to the parent company this year.

New Excise Commissioner Has Job to Do

In business circles the separation of the department of customs and excise into two branches, each under a commissioner, is recognized as a step forward. Not only does it give the customs administration an executive head of recognized ability, but it places the excise branch under an official who can concentrate on its problems.

One of these problems, as business men in nearly every line of trade have come to recognize, is gross discrimination in collection of the sales tax. While many firms are keeping the most complete records of their sales tax collections and are turning these collections over to the government month by month as they fall due, other firms are hiding beneath the blanket of government leniency, and are failing to make their payments as due. Credit has been extended by the government to thousands of firms, and of these firms, scores have gone bankrupt owing the government money. As prices of merchandise are based upon cost plus other items, including sales tax, it will be seen that the firm that does not pay its sales tax promptly will in many cases be able to undercut competitors. In any event, it is allowed improperly to use government funds, running in the case of individual firms into thousands of dollars.

The new commissioner of excise, G. W. Taylor, has been with the department for many years, and is regarded as an able official. He has the confidence of his chief, Hon. W. D. Euler. One of his first acts should be to put the spur into his sales tax officers; force them to give the same treatment to all firms and to require prompt collection of money due the government.

SUPERTEST PETE SUCCESSFUL YEAR

London, Ont., Company Reports $80,000 Profit—Absorbs Other Concerns

Supertest Petroleum Corp.'s fiscal year 1926 has proved satisfactory, and although during the first half of the year a great deal of time and energy was spent in the consolidation of the various constituent companies which were grouped together as Supertest Petroleum Corp., the year was completed with a net profit, after providing for depreciation and doubtful accounts, in excess of $80,000. This is an increase of approximately 90 per cent. in the net earnings of the company over the last statement, and is approximately five times the amount required to pay the 7 per cent. dividend on the outstanding Class "A" preferred shares.

In April, 1926, at the time consolidation was completed and new capital commenced to come into the business, active assets amounted to $148,002.57, an increase of $43,800 in the active assets of the company.

The inactive assets are as follows: At consolidation $275,494; at the close of the year $323,613, an increase of $48,111. During the same period an amount of $69,975.63 was added to the surplus of the company, after dividend disbursements. The company has no bank debt.

The year showed an increase of almost 50 per cent. in the sale of Supertest products. The company owns and controls approximately 200 service stations and contract accounts in Ontario and Quebec, with bulk storage plants storing upward of half a million gallons at London, Hamilton, Ottawa, Montreal, St. Agathe, Mont-Joli, Seaforth, Glencoe, Wingham, Port Robinson, St. Thomas. A very satisfactory business was developed in the Niagara peninsula, also at Carleton Place and Smith's Falls in the Ottawa valley.

Just prior to the close of the year negotiations for the purchase of the Ensign Oil Co., of Montreal, were opened and the company now controls this splendid outlet for "Supertest" products in the Province of Quebec. Norman J. Dawes, president of Ensign Oil Co., is now a director.

During the past year not only were dividends paid on the Class "A" and Class "B" preferred stock of the company, but an initial dividend of 50 cents per share was paid on the common shares.

Listing of the company's shares on the Toronto stock exchange will be arranged.

It is the intention of directors to undertake some further moderate financing almost immediately. The annual meeting was held in London.

SENATOR WEBSTER ASSOCIATED IN WATER DEAL

(Continued from page 1)

public, the average man is apt, unfortunately, to class all public utility operators in the same category.

The good work accomplished by the Montreal Tramways Company since it passed into the hands of new interests some three years ago stands the chance of being partially obliterated in the public mind if the Montreal water deal be carried out.

Are Directors Dummies?

All those behind the proposed deal are not known and the present directors of the Montreal Water and Power Company have vouchsafed no information. Business men feel that the directorate is largely composed of dummies behind whom are the real owners.

Senator Webster has not indicated how largely he is interested in the deal and has contented himself by saying that he is interested in a company which holds a controlling interest in the shares of the Montreal Water and Power Company.

The original investors in the property sold their stock to the new interests who were said to be New York financiers, but Montreal now wonders if the whole deal was not engineered and put through by a group of Montrealers. The situation which exists at present is that the council has ratified the deal, but the deeds have not yet changed hands.

Thirty-Fourth Annual Report of

The Home Investment And Savings Association

for the year ended December 31st, 1926, as presented at the Annual Meeting of the Shareholders held at the Head Office, 468 Main St., Winnipeg, on Monday, February 14th, at 4 o'clock p.m.

DIRECTORS' REPORT

A larger volume of new business was written, consisting entirely of loans on the monthly repayment plan. The net profits for the year amounted to $63,954.69 as compared with $59,668.49 for the previous year.

The liquid assets of the Association have been increased by a further purchase of bonds, making its holding of this class of investment $98,354.51 at the end of 1926. Another $15,000.00 of bonds of the Province of Manitoba has been purchased since the end of the year.

Following our usual custom, an Inspection Committee, the members of which were Messrs. W. H. Cross and W. A. Matheson, made a careful examination of all the Loans, Sales and Real Estate Accounts of the Association. They report an increase in payments on loans—fewer loans in arrears and these for a lesser amount—while the average time in arrears on all loans is shorter. They consider the Contingent Reserve, which remains unimpaired at $100,000.00, as sufficient to provide for all probable losses.

In view of the improvement shown by the statement submitted, your Directors feel that the payment of a dividend is justified and recommend to the new Board the payment this year of a dividend at the rate of 4% per annum, payable quarterly.

BALANCE SHEET AS AT DECEMBER 31st, 1926

ASSETS

Loans on First Mortgages on Improved Real Estate		$1,278,779.10
Mortgages and Agreements of Sale on Properties Foreclosed and Resold.........		262,499.66
Interest on Mortgages, etc., accrued due		25,577.96
Interest on Mortgages, etc., accrued not due		14,558.81
Dominion Government Bonds and accrued interest............	$46,499.41	
Province of Manitoba Bonds and accrued interest............	29,547.78	
Greater Winnipeg Water District Bonds and accrued interest..........	20,416.65	
Municipal Debentures	1,890.67	98,354.51
Real Estate		344,061.43
Cash on Hand and in Bank of Montreal		35,841.78
Home Office Building		127,301.57
Furniture, Fixtures and Automobile		3,592.03
Mortgages to the amount of $125,888.81 are deposited as Collateral for Debenture Holders.		
		$2,130,566.85

LIABILITIES

To the Public—		
Debentures and accrued interest		$ 212,885.12
Deposits at Call		246,606.60
Deposits for Fixed Term		48,299.00
Sundry Accounts		7,335.25
		515,125.97
To the Shareholders—		
Capital Stock paid up (Subscribed $1,000,000.00)................	$992,772.95	
Reserve Fund	500,000.00	
Contingent Reserve for Loans and Real Estate...............	100,000.00	
Undivided Profits	22,667.93	1,615,440.88
		$2,130 566.85

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31st, 1926

Balance brought forward from previous year		$ 3,396.03
Add:		
Adjustment of Income Tax for 1925		369.47
		$ 3,765.50
Net Profits for the year after deducting interest on Borrowed Capital and Expenses of Management	$66,638.99	
Provincial Government, Municipal and Dominion Taxes...............	2,684.30	63,954.69
		$ 67,720.19
Amount transferred to Contingent Reserve for Loans and Real Estate..............		45,052.26
		$ 22,667.93

AUDITORS' REPORT

We have to report to the Shareholders that we have audited the accounts of The Home Investment & Savings Association for the year ended December 31st, 1926.

We have verified the Cash and Bank Balances, and have examined the Securities of the Association or satisfied ourselves as to their custody.

We have obtained all the information and explanations that we have required, and, in our opinion, the transactions of the Association which have come under our notice, have been within the powers of the Association. The accompanying Balance Sheet is, in our opinion, properly drawn up so as to show a true and correct statement of the financial position of the Association as at December 31st, 1926, and is as shown by the books of the Association.

PEAT, MARWICK, MITCHELL & COMPANY,
Chartered Accountants.

The retiring Directors, Messrs. M Bull, W. H. Cross, F. W. Drewry, G. W. Allan, K.C.; J. L. Bathgate, W. A. Matheson, M. F. Christie and J. B. Persse, were re-elected.

At a subsequent meeting of the new Board, Mr. M. Bull was re-elected President, and Mr. W. H. Cross, vice-president.

THE FINANCIAL POST

Member Audit Bureau of Circulations
President—JOHN BAYNE MACLEAN.
Vice-President—HORACE T. HUNTER.
Manager—GORDON RUTLEDGE.
Managing Editor—FLOYD S. CHALMERS.

A weekly newspaper, presenting in a popular manner, reliable information respecting investments, business and national affairs in Canada.

THE FINANCIAL POST HAS THE LARGEST PAID CIRCULATION OF ANY CANADIAN FINANCIAL PAPER

The detailed circulation statement we submit is the sworn finding of the Audit Bureau of Circulations, the recognized independent authority. THE FINANCIAL POST is the only Canadian financial paper submitting its circulation to the A.B.C. Inspection.

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TORONTO, FEBRUARY 25 1927

CONSCRIPTING CAPITAL

CONSTRUCTIVE suggestions ought to have more merit than the one offered by Hon. R. B. Bennett, K.C., for the repayment of the national debt of Canada. Mr. Bennett's broad idea of taking soon the first steps towards a definite policy of debt repayment has points in its favor, but his suggestion for the manner of doing it is hardly what is to be expected normally from Mr. Bennett, a man of large private interests.

Mr. Bennett would force the insurance companies and the banks to invest a portion of their assets in four per cent. bonds of the Dominion. Make them take up each year enough of these bonds to provide funds to meet maturing issues. This would, in time, reduce the interest rate on Dominion government loans from five per cent. and more to four per cent.

Mr. Bennett ought to know better than to make a suggestions so fraught with dangerous precedents and unjustifiable interferences with business. He proposes automatically to establish the interest return on government bonds at four per cent., regardless of fluctuations in security prices. He proposes to require life insurance companies, which act as trustees for their policyholders, to accept a return that bears no relation to present investment income rates and that may not be any more closely related in the future. He would in effect rob the thrifty who carry life insurance in order to relieve the tax burden on those who do not save in this way.

His proposal regarding the banks is less dangerous but only in a matter of degree and because the banks have such large assets that a gradual shift to government four per cent. securities would not be a source of acute interference for some years yet. But nevertheless, Mr. Bennett's scheme amounts to conscription of private capital for public purposes, and that is not justified for anything less than the highest national necessity, a most serious crisis within a war period, for instance.

There has been too much tampering with private capital in Canada and we have suffered in consequence. Further proposals for the alienation of private rights, whether made in earnest or half in jest, are a poor advertisement for Canada.

BIG LITTLE DIFFERENCE

BUFFALO'S second largest industry is milling. It provides the city with an income of $45,000,000 annually. Most of the wheat milled is Canadian grown.

What Canadian Great Lakes city derives $45,000,000 a year from milling Canadian wheat? The answer is that all Canadian lakes cities put together do not produce milled products to such a value.

Port Colborne mill of Maple Leaf Milling Company is shut down now. A Canadian milling company is planning a flour mill twenty miles away, in Buffalo.

A cigarette advertiser remarks "What a whale of a difference a few cents makes." He might have been talking about freight rates from Port Colborne and Buffalo to the seaboard.

Let us quote a paragraph from a memorandum prepared some time ago by the Canadian National Millers' Association:

> "From the mill to the seaboard the U. S. miller at Lake Erie points has an advantage, under existing tariffs and due to his position, of 2½ cents per hundred in freight rate. This difference in export cost of 5 cents per barrel, alone, makes it possible for him to take business away from Canadian mills."

FORESTS OF THE FUTURE

IN INITIATING a scheme for the reforestation of large areas in Ontario, Hon. William Finlayson, minister of lands and forests, is taking an excellent step, a forward step that puts the province on its way to greater lumber and paper industrial development than it has even to-day. Ontario is setting an excellent example to the other provinces. It is certain to reap immense benefits in the years to come if it continues in a hearty manner to carry out the policy it is denuded areas that are suitable for adopting now.

Ontario's plan is to put forests in forest growth and to protect forests that now exist. Wisely, the province is not attempting to make one policy fit every area in a province that ranges from thickly populated industrial areas in the south to densely overgrown forest land in the north. The scheme proposed by Mr. Finlayson and embodied in legislation that has been introduced, provides for the division of Ontario into three areas. In the southerly portions of the province, where there is little timber land left and where urban communities and well-worked farming lands comprise the major portion of the land area, no forest reserves will be established. Farmers, however, will be encouraged to plant trees by bonuses. Mr. Finlayson indicated, in an address in the provincial legislature the other day, how profitable such tree planting could become for the farmers.

Further north, in that vast area of good and semi-arable land, comprising the middle belt of the province, definite areas will be set aside—whole townships, in fact,—as forest areas and these will be planted by the government and maintained as forest reserves. Farmers now settled in the area will be moved at government expense to other areas.

In the far north, where forest areas are still in a highly productive state, the work will consist largely of increasing the now excellent protection afforded the present natural growths of timber.

To make the work effective, a "Forestry Board" will be established, composed of men from the University of Toronto forestry faculty, technical men from the department and representatives of the forestry industries. They will carry out research work and generally help to promote a sound forestry policy in Ontario.

Work similar to that now planned by Ontario has been carried on in Germany and other European countries for a number of years. In this country, where we have been fond of considering our forest reserves as illimitable and inexhaustible, we have been slow to learn the error of our manner of thinking and to adopt what European countries, with their much older background, learned a number of years ago. But there is to-day in Canada a much greater appreciation of the value of their forests and the need of preserving them than we have previously had, and it is this, more informed public opinion that makes it possible for Ontario courageously to enter into this worth while enterprise of a comprehensive reforestation programme.

FACTS A LA TOMMY

FROM a perusal of a speech by Thomas L. Church, M.P., in the House of Commons, we have learned a number of things we feel we ought to share with our readers. There is no bigotry in Toronto. The only time you can get a decent parade in Toronto is on July 12, not July 1. Fifteen thousand people turn out for the Orange parade in Toronto on July 12. They would not turn out on July 1 because it is too hot.

Mr. Church is opposed to the Diamond Jubilee celebration. His party is in the cemetery, and has nothing to celebrate. He is not a party man but a very moderate Conservative. His constituency, Toronto, has no bigotry whatsoever in its make up.

Canada has nothing to celebrate because Confederation has not been a success. The only thing that has happened recently to warrant any shouting is the appointment of an ambassador to Washington, marking Canada's becoming the Mexico of the North.

Still some of the money might be used to paint a portrait of Sir Henry Thornton, According to the subsidized press, he was the real discoverer of America, not Christopher Columbus.

CO-OPERATION THE KEY

RECENTLY, in addressing a meeting in Ottawa, Laurence C. Tombs, a transportation expert of Montreal, made some suggestions for the solution of our railway problems that are not without their appeal to the ordinary business man. He saw in co-operation the solution of most of the transportation problems of Canada and he gave in his address, which was conducted under the auspices of McGill University, some practical examples of the type of co-operation he suggested.

There is, he said, not enough co-operation between the two great Canadian railways. The Canadian Pacific, Mr. Tombs pointed out, delivers to American railways at least 100,000 loaded cars per annum destined to the United States; such roads as the New York Central, Michigan Central, Wabash, and Pere Marquette receive about 70,000 cars a year. None of this business is exchanged with the Canadian National or Grand Trunk. Each of the railways exchanges business freely with its American competitors, but, Mr. Tombs charges, not with one another. He is very definite in his charges and says:

> "Let me give you an example—supposing you wish to send a shipment from Three Rivers, or Gatineau, to Chicago. It might be a car of paper or it might be a car of lumber, or, in fact, anything. You say to yourself: 'The Canadian National is running at a loss, it is owned by the people of Canada, Mr. Beatty says that the Canadian Pacific is one of the largest taxpayers and, therefore, one of the largest owners. I am going to do the right thing and route my business so that it will pass over Canadian roads as far as possible. I will, therefore, ask the Canadian Pacific to take this car as far as Detroit, which is the farthest the C. P. R. goes, and to give it to the Grand Trunk there for Chicago.' I know you will be surprised to learn that this cannot be done, and that it would cost very much more to ship your freight this way than to let the Canadian Pacific take it to Detroit and give it to the Wabash or some other foreign line. This is a matter which is in our own hands, and I am confident that if these two railways would establish through rates and arrangements with each other, in the same way as they do with other lines, that the public generally would be glad to avail themselves of the opportunity to route traffic so that each line would be materially assisted. This would not cost either company one cent of earnings or the loss of one pound of freight or interfere with the existing traffic arrangements. It would simply mean the addition of new routes, a matter of ordinary occurrence, nothing to retaliate about. If they have any business for Canada or for Canadian ports, it would come just the same. Let me assure you that the American roads are not out canvassing to take tonnage or earnings away from their own roads or ports. If the C. N. R. only received a fair portion of the C. P. R. outward bound tonnage, it would probably increase its earnings by $5,000,000 per annum.
>
> "At the same time, these two big railways might consider a more reasonable attitude towards business moving between points on their roads in Canada. If they would do this, it would doubtless put an end to the demands of shippers and communities for two railways where frequently there is business sufficient for only one. In general, both systems serve the same territory, and it is an economic mistake, an addition to the burden of the country and losses in earnings to both companies, when a community served by one railway demands competition."

Somehow, business men, who are finding, in other lines of business, ways to co-operate with their competitors cannot but feel that there is much force to Mr. Tombs' suggestion that the government, the railway commission, the railways or the shippers themselves should initiate a discussion of co-operation to eliminate unnecessary competition between Canada's two railway lines.

CRITICISM VALUABLE

THERE was a time when it was considered just short of high treason to voice editorial criticism of Ontario's publicly-owned hydro-electric system. The late Sir Adam Beck had, to a remarkable degree, the ability to give actuality to that trite bit of modern vernacular which states that "every knock is a boost." When the voice of criticism was heard, Sir Adam assumed an injured air and his embattled legions of free-lunch seeking political soldiers rushed to his defence. While Beck was alive there were few courageous enough to criticize the Ontario Hydro-Electric System; there were few, indeed, sufficiently free from the spell of the demi-god to be able to discern weaknesses in the enterprise. Some men welcome constructive criticism, others want to hear nothing but complimentary comment; of the latter type was Beck. No public enterprise, just as no government, can grow soundly and avoid disintegrating influences, without a cleansing agent in the form of critical analysis of its work.

Now the hysteria of Hydro has subsided. It is a healthy sign that criticism to-day is heard. The Ontario Reformer of Oshawa and the Sentinel-Star of Cobourg have both been making some sharply critical comments on hydro. Even the Toronto Star, senile in uplift but fanatical, frenzied and excitable in propaganda, has cooled sufficiently to sense certain indiscretions in Beck's career.

Hydro has been a wonderful institution for Ontario, although it did nothing that could not have been done more quietly and more economically by private individuals. Hydro will be a sounder institution when it is sanely criticized and the criticisms are given due hearing by Hydro's managers. Fortunately for Ontario, the chairman of the Ontario Hydro-Electric Commission, Hon. C. A. Magrath, is a man of sufficient vision and force to want to know what is wrong as well as what is right with the people's enterprise. He is likely to correct, so far as he is able, errors and corrosions.

EDITORIAL NOTES

STANDARD-SIZED bricks should simplify the labors of the comic-strip "artists."

* * *

MR. ROBB'S budget speech was a business-like statement from a business-like individual.

* * *

THE NEW YORK TIMES reports that Elihu Root spent a quiet day when he became 82 years old. Most men would.

* * *

SIR HENRY THORNTON says there are no political jobs on the C.N.R. It must be admitted that he has been able, to a surprisingly satisfactory degree, to make the politicians keep their hands off the National.

* * *

BRITISH COLUMBIA, Saskatchewan, Manitoba, Ontario and the Federal government announce tax reductions in quick succession. Ontario city taxes, particularly Toronto taxes, are going up, offsetting most of the savings in provincial and federal taxes.

* * *

MAYOR WILL ROGERS says that Dr. Nicholas Butler has promised him an honorary degree as soon as he (Dr. Butler) can think of one to give him. This seems to indicate a paucity of resources in the degree laboratory of the great university of Columbia.

* * *

THE DOMINION Geographic Board has named a mountain in B. C. Mount Seltat. It used to be called Seltathinschokschage. They have changed the name of Lake Paipinagoshing to Lake Tyson. We would suggest they try their hand at the name of the man who last year opened Canadian National Exhibition, Toronto,—Vichayaraghavhakharya, or something like that, if we remember correctly.

Many Investors Stranded Through "Taking a Flyer"

Stories from Real Life That Show the Evil Results That Follow Investments Made Without Thorough Investigation

By G. L. SPRY,
Advertising Manager, Huron & Erie Mortgage Corporation.

A particularly interesting life insurance advertisement, which appeared in the newspapers during 1926, carried this striking appeal: "If every wife knew what every widow knows—every husband would be adequately insured."

Thinking men and women are beginning to "tune in" to many of these true to life appeals. They strike the heart strings that actuate one to make a reality of his desire to provide protection for dependents.

"Experience," it is said, "is the best teacher." But too frequently experience only leads to bitter discovery. This is singularly true in its application to investments, for it often happens that failure to investigate before investing leaves the investor stranded.

Few Would Take a Flyer

To apply the insurance company's suggestion to securities; men who daily come in contact with investments of every description can truthfully say: "If every saver in Canada knew what the officers of reputable financial institutions know there would be fewer persons left stranded through 'taking a flyer'."

This comparatively young and growing country is constantly invaded by a class of promoter that works inestimable damage to its legitimate and well managed industries, upon whose prosperity our national prosperity so largely depends. Year after year this growing army of parasites and confidence men bleeds Canada's people of millions of dollars.

Throughout the land, newspapers, financial journals, magazines, advertising clubs, Chambers of Commerce, bankers and mortgage associations are broadcasting this warning: "Before you invest—investigate."

Individual Prosperity Basis of Wealth

Let it not be said that these associations and organizations sound that warning from purely selfish motives. On the contrary, they fully realize that the nation's wealth is the collective wealth of nine millions of people. Without individual prosperity there can be no national prosperity.

Here are a few true to life instances about some of our countrymen who are left stranded, in some cases, because they "took a flyer" when they should have taken advice—easily obtainable without obligation.

Back to Shovel and Hoe

A farmer and his wife, having created a competence after many years of arduous toil, sold their farm and moved to ——— village. A relative of theirs became acquainted with an agent for an oil company. He was given a free trip to Texas to investigate this company's property. Encouraged by his investigation he persuaded the retired couple to make an investment. Reports were so rosy that they readily decided to sell a mortgage for $6,500 held against the farm they had vacated. And that amount did not constitute their entire "investment."

A local man, representing a reliable financial institution, heard of the contemplated transaction. He warned this man and his wife in time but it went unheeded. It later transpired that the property covered in the farmer's new stock certificate was many miles away from that investigated by his relative who also invested heavily.

The salesman cannot be prosecuted for misrepresentation because his present whereabouts are unknown. Action cannot be instituted against the company as it went into liquidation with liabilities many times its assets. Every dollar invested was lost.

According to recent reports this "retired" farmer is again using the shovel and the hoe practically stranded through taking a flyer.

Dining on His Money

A merchant from ——— was seated at dinner in a London restaurant. A farmer came in and sat beside him. They got into conversation and noticing a smartly attired person enter and occupy an adjoining table the farmer remarked: "That devil is dining on my money." He then explained how he had been persuaded to make an investment with an automobile concern that had collected almost a million dollars and had assembled less than thirty cars during its short existence. It must have been highly exciting for that investor who, after taking a flyer, had the rare privilege of watching another fellow put on flesh with his money.

$4,000 Exploded by Gas

An army of stock salesmen for ——— Gas invaded the territory about London. One investor gave us an insight into their methods. Investors were invited to take a few shares to begin with. At the end of six months the agents called in person with the first dividend, a very substantial one. Stock holders were then solicited for further investments and many fell to the bait. A few months later this gas bubble exploded. The first dividend, it transpired, had been paid out of the proceeds from the first block of stock sold. The investor to which we have referred must mourn for the remainder of his natural life the loss of $4 000 for his "flyer."

$150,000 Sunk in Oil

It is conservatively estimated that investors in Arkona district who "took a flyer" in The ——— Texas Oil Company dropped $150.000. The Arkona agent of a reliable financial institution says that one loses interest in "Get rick quick Wallingford" when the history of this oil selling scheme is reviewed.

It was one of the cleverest pieces of piracy ever perpetrated in that district.

Huron County Man Now Recluse

Too many "flyers" have driven one Huron County investor to live the life of a recluse. Five to six per cent. did not appeal to him. Offers of larger rates blinded his sense of security. One "flyer" after another proved a failure. And now he will not associate with even his best friends. His investments, it is said, have weighed so heavily upon him that his mind is affected and only time will tell if he will recover.

The moral of this case teaches us that "five per cent. with sound sleep is better than 10 per cent. with a lifetime of worry."

$36.25 for $600 Worth of Certificates

The widow of a former railway man mailed to me in October last stock certificates in fourteen Alberta oil companies. The price paid for these was over $600. Upon investigation it was found that ten of the companies had failed several years ago. Two of the fourteen had been absorbed by other companies. The remaining two, still in existence, had never paid a dividend.

The amount we were able to secure for this widow out of that conglomeration of profusely decorated stock certificates was $36.25.

"Speculation" and "Investments"

High pressure salesmen invariably urge investors to sign immediately if they wish to get in "on the ground floor." They are quick to assure one that the issue of stock is very limited or that it is positively their last call, or that they have instructions to return to headquarters at once and consequently you may never have such a splendid opportunity again. It's a case of hurry, hurry, hurry—do it now and investigate later.

On the other hand, reliable financial institutions, bond dealers and salesmen for legitimate enterprises invite you to investigate before you invest. They are glad to call again after you have had sufficient opportunity to make thorough inquiries.

"Pin your faith" to institutions and individuals who ask you to invest your money only in securities in which they themselves have confidence. But always investigate first. No cost is entailed and you may save for yourself a lifetime of regret.

Cost $250,000 to Celebrate Our Sixtieth Birthday

Celebration of Canada's diamond jubilee will be under the direction of a national committee, incorporated by act of parliament.

The company has been given $250,000 of federal funds to spend.

July 1, Canada's sixtieth birthday, comes on a Friday. Parliament has declared July 2 also a holiday.

The committee in charge is as follows:

The Governor General.
Her Excellency Viscountess Willingdon.
William D. Ross, Lieut.-Governor of Ontario.
Narcisse Perodeau, Lieut.-Governor of Quebec.
James C. Tory, Lieut.-Governor of Nova Scotia.
William F. Todd, Lieut.-Governor of New Brunswick.
Theodore A. Burrows, Lieut.-Governor of Manitoba.
R. R. Bruce, Lieut.-Governor of British Columbia.
Frank Richard Heartz, Lieut.-Governor of Prince Edward Island.
Hon. H. W. Newlands, Lieut.-Governor of Saskatchewan.
William Egbert, Lieut.-Governor of Alberta.
Rt. Hon. W. L. Mackenzie King, P.C., C.M.G., Prime Minister.
Hon. Raoul Dandurand, Leader of the Government in the Senate.
Hon. Ernest Lapointe, Minister of Justice.
Hon. James A. Robb, Minister of Finance.
Hon. Charles Stewart, Minister of the Interior.
Hon. Dr. J. H. King, Minister of Health and Soldiers' Civil Re-establishment.
Hon. Peter J. Veniot, Postmaster General.
Hon. Robert Forke, Minister of Immigration and Colonization.
Rt. Hon. Francis A. Anglin, P.C., Chief Justice of Canada.
Rt. Hon. Sir George Eulas Foster, P.C., G.C.M.G.
Rt. Hon. George P. Graham, P.C.
Rt. Hon. Sir Robert Laird Borden, P.C., G.C.M.G.
Hon. Sir George Halsey Perley, K.C.M.G., member of Privy Council.
Hon. Charles Marcil, LL.D., member of Privy Council.
Hon. Hewitt Bostock, Speaker of the Senate.
Hon. Rodolphe Lemieux, Speaker of the House of Commons.
Hon. Hugh Guthrie, Leader of the Opposition in the House of Commons.
Major-General Hon. S. C. Mewburn, C.M.G., K.C., member of Privy Council, Chairman of Canadian Battlefields Memorial Commission.
Hon. Henry H. Stevens, member of Privy Council.
Hon. Richard B. Bennett, member of Privy Council.
Hon. Sir Lomer Gouin, K.C.M.G., member of Privy Council.
Hon. John Ewen Sinclair, member of Privy Council.
Hon. Edward Mortimer Macdonald, member of Privy Council.
Hon. Herbert Marler, member of Privy Council.
Hon. G. H. Ferguson, Prime Minister of Ontario.
Hon. L. A. Taschereau, Prime Minister of Quebec.
Hon. E. N. Rhodes, Prime Minister of Nova Scotia.
Hon. J. B. M. Baxter, Prime Minister of New Brunswick.
Hon. John Bracken, Prime Minister of Manitoba.
Hon. John Oliver, Prime Minister of British Columbia.
Hon. J. D. Stewart, Prime Minister of Prince Edward Island.
Hon. James D. Gardiner, Prime Minister of Saskatchewan.
Hon. J. E. Brownlee, Prime Minister of Alberta.
Hon. William B. Ross, Leader of the Opposition in the Senate.
Hon. Thomas Chapais, Senator.
Hon. Arthur C. Hardy, Senator.
Hon. John Lewis, Senator.
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FOLKS and Finance

"CONSTANT complaining about the Maritimes among our own people is having a tremendously bad effect outside," said E. A. Schofield, president of the Schofield Paper Company, recently.

He said he had no hesitation in declaring that conditions in the Maritimes on the whole were better than those in any other place he had visited. He did not mean that things could not be better here, but in comparison he thought we were ignoring conditions elsewhere.

"If I were starting out again, as I did when I was a young man, I would start right here in the Maritime Provinces. There are no better opportunities for our young people anywhere than right here. What we need is a little more co-operation and a little more boosting of our own advantages."

He told of a young man he knows who is working in a large American city. He gets his breakfast at 6.30 a.m., begins work at 7.30, has three quarters of an hour for noon lunch and works through to 6 o'clock.

"And he works!" said Mr. Schofield, stressing that if our people worked as hard at home as they do in the States there would not be so many complaints heard.

Investment Consultation

NO matter how small your available funds may be, we invite you to make an appointment with a member of our firm to discuss the investment of it.

By so doing you incur no expense and place yourself under no obligation to us.

Inquiries invited.

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Security Review Profitable

A careful review of one's investments at this time of year, is more than usually opportune. Such a review almost invariably results in discovering some profitable exchange, sale, adjustment or possibility of new investment. Then, too, accumulating fund for new investment may be available from:

1. Incoming funds from sale of property.
2. Money now drawing a low rate of interest.
3. Bond or mortgage interest.
4. Bank interest.
5. Stock dividends.
6. Early maturing bonds, etc.

Such funds may be safely and profitably employed and adjustments and exchanges made, at present, to excellent advantage.

We shall be glad to make suggestions as to the betterment of investment lists or to consult with those having investment problems.

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Business Established 1889

Your Investments

Investment questions and problems submitted by subscribers of The Financial Post will be answered by letter and those of general interest will be published in this column. We cannot extend this service to non-subscribers. A two-cent stamp or stamped envelope must always be enclosed to cover the direct reply.

Northern Mexico Power

Is the Northern Mexico Power on a regular dividend basis and do you think that the future of the company is bright?

While the Northern Mexico Power Company has declared only an initial dividend, we understand that it is the mangement's intention to continue these disbursements despite the fact that no announcement has definitely been made that the company is now on a regular dividend basis. About the only thing which we can see which would hold the company back in the future, is the political situation which exists in Mexico. Despite the unsettled conditions there, however, it has made strides over the past few years, and the stock looks like a business man's speculation to us.

B.L.E. Realty Bonds

I would appreciate your criticism of the Guaranteed Collateral Trust Real Estate 7 per cent., gold bonds of the B. L. E. Realty Corporation, unconditionally guaranteed by the Brotherhood Investment Co., subsidiary company of the Brotherhood of Locomotive Engineers.

The guaranteed collateral trust real estate 7 per cent. gold bond of the B.L.E. Realty Corporation are unconditionally guaranteed by the Brotherhood Investment Company, subsidiary company of the Brotherhood of Locomotive Engineers, one of the strongest and wealthiest trade organizations in the United States.

The company has secured about 25,000 acres of land in Venice, Florida, 60 miles south of Tampa, with 70 miles of gulf frontage. This land will be offered to the members of the Brotherhood as farm home sites.

These bonds are secured by first mortgages, and land contracts on the Florida property—each of these two classes of collateral with a wide margin of safety. The bonds are then guaranteed by the Brotherhood Investment Co., which we believe reasonably strong enough to ensure payment of principal and interest. The bonds are not of the highest grade, however.

Brompton Dividends

I read an announcement in the Regina Province that the Brompton Pulp and Paper Company had declared a dividend of 50 cents a share on their common stock, putting it on a 2 per cent. dividend basis, this dividend payable, I believe, January 1st last. I have not received any dividend on the few shares I hold and would be glad to know if this report is true or not.

Brompton Pulp and Paper Company declared a dividend of 50c a share on its common stock, payable January 15 to shareholders of record of December 30.

If your stock was registered on the books of the company on December 30 you were entitled to this dividend.

Gosse Packing

Kindly give me your opinion of "Gosse Packing Co."

What is its present selling price?

Would you advise holding this stock with hope of advancement in price?

According to the latest reports available, the Goose Packing Co. is doing very well. We have no recent quotation on either the preferred or common of this company. The preferred was sold at 100 and accrued dividend in May last with a bonus of one share of common with every five shares of preferred.

The record of the company before its incorporation last year was highly satisfactory, and earnings for the current year are believed to be good.

Two Power Stocks

What is your opinion of the shares of Montreal "Power" and Shawinigan for a long hold? Is not Shawinigan the more attractive of the two? Are these a suitable buy for a young investor?

We consider that the common shares of Shawinigan and Montreal Power are an excellent purchase for a hold—you could hardly do much better. Unfortunately, we cannot say which we consider the better of these two as an investment, as both securities have a great allure. Why not put half your holdings in Montreal Power and half in Shawinigan? The improving position of the many subsidiaries of the Shawinigan Water and Power Company, however, certainly adds lustre to the outlook for the company's common stock.

We would consider both these securities to be a good purchase for a young investor,—perhaps two of the best that you could pick.

Only Speculation

Do you consider that Brompton, Canadian Pacific and Winnipeg Electric common would be a good purchase now with a view to selling next May?

Unfortunately we have no idea whether the three stocks which you have named will be selling higher or lower within the next three months.

We would say that in a year's time the Brompton Pulp and Paper Company should improve its position, and that probably the stock may be somewhat stronger. On the other hand, you must remember that the market for newsprint is showing some hesitancy which might affect the price of the shares of the company either now or later on in the year. Brompton common is a long hold proposition, and as such a good one.

The common stock of Winnipeg Electric is also a long hold proposition. In a year's time though, we believe that the company's earnings will show a material increase, and that on an earning power basis the company's shares should show some appreciation. Unfortunately though, stock market prices do not always move in sympathy with earnings. Outside factors such as plentiful money enter into the equation.

The price at which the shares of the Canadian Pacific Railway Company change hands depends on many factors. Not the least of these are the current level of railroad stocks on the New York market; the demand for Canadian securities in Great Britain; the volume, or anticipated volume, of the Western grain crop; the success with which the company's steamship services are meeting and a wide variety of other factors, many of which are dependent on world trade conditions.

C.P.R. stock, however, looks like a satisfactory purchase for a long hold, and returns a fair yield.

In gambling on the market or speculating on the market at the present time, you must remember that common stocks are at high levels, based in many instances on anticipated, rather than actual earnings. We mention this in a cautionary way, as from your letter we judge you are about to do some speculating, and we never advise our subscribers to buy securities for this purpose.

Power Corporation

I shall appreciate an opinion from you regarding the investment value of the Power Corporation preferred shares.

The preferred shares of the Power Corporation of Canada look like a satisfactory investment to us. The diversification of the investments of the corporation provide a stabilized earning power. In addition to owning power securities, the corporation invests part of its assets in high-grade securities of all kinds.

Victory Bonds

Among other securities of longer maturity, I have approximately $[illegible],000 in Victory Bonds, 1934. In view of the lower trend of interest rates, would it be advisable to sell these now instead of waiting for maturity?

Present market valuation of Victory Bonds maturing in 1934 is approximately 4.94 per cent. This represents a good yield in comparison with other first class government and municipal bonds.

You are probably right in your assumption that the lower trend of interest rate of the better class securities will continue for some time, and if you desire to switch to another issue, we would recommend for your consideration the bond issue of the city of Fort William, 1963.

St. Vital Bonds

Would you kindly give me some information regarding bonds due in 1930, bearing interest at six per cent., of the municipality of St. Vital, St. Vital, Man.

Unless the bonds of the municipality of St. Vital, Man., which you are enquiring about, are guaranteed bonds, they come under a recent settlement of the finances of that municipality which provides for a reduction in the interest rate. Some particulars of this settlement are to be found in The Financial Post of February 11.

A trustee will be appointed to look after the interests of the debenture holders, but he has not yet been named. We would advise you to communicate with Dominion Mortgage and Investments Association, 293 Bay St., Toronto, giving them particulars of your holdings and they will keep you advised as the steps you should take to protect your interests.

Dom. Industrial Alcohol

I ask if you could be good enough to obtain information in regard to Dominion Industrial Alcohol. I notice that the company and Continental Bond Corp. are defendants in a suit.

Being a shareholder in this company, my confidence has been shaken to some extent, and I am anxious to know the standing and prospects of the company.

The Financial Post, of course, is not in a position to judge the merits of the case not yet tried.

We are informed that the company's plant at Humberstone near Port Colborne will be in operation within a few weeks. We are also told that the stock is not being offered publicly, although it is said that shares are distributed among directors and their acquaintances. We have been told by an official of the company that the company will buy back the shares owned by shareholders who have become dissatisfied.

Tooke Preferred

I appreciated very much your articles criticizing the plan for liquidating the arrears of the preferred of Tooke Brothers, but what is a small stockholder to do when the plan has been accepted by the other shareholders? It seems to me that the preferred clause in these securities means nothing.

We know of nothing you can do about your arrears. As the plan for the liquidation of the arrears proved quite satisfactory to over 80 per cent. of the holders of the preferred stock, we are afraid that it will have to prove satisfactory to you. It now seems up to the management to increase the company's earnings to such a point that the market value of the new common which has been handed out to you will be equal to your arrears. If the management can achieve this within a year it will be doing good work—considerably better work than we anticipate.

You ask what protection the preferred shareholder has. In one sense he has none, and therefore when purchasing securities the investors must make sure that those behind the various companies in which he becomes interested are men with a reputation for integrity and honor extending back over a number of years. You are always safe, for instance, investing with a man like Sir Herbert Holt. As far as we are aware, no investor has any cause to feel sorry at having backed the enterprises with which Holt is associated. Another outstanding man of this character is Frank P. Jones, of the Canada Cement Co. Picking companies with which only the best business interests are associated seem to us to be the chief safeguard of the investor.

Saguenay Pulp

I hold a lot of preferred and common shares of the old Saguenay Pulp and Power Company. Will you please let me know if I am entitled to any of the stock of the new Quebec Pulp and Paper Mills in exchange for my holdings? And also if any distribution of the new stock has yet been made?

The Saguenay Pulp and Power Company is still in existence, but its entire assets consist of 7,850 common shares of $100 par value of the new Quebec Pulp and Paper Mills.

The Saguenay Pulp and Power Company has outstanding $4,350,000 in common and $3,500,000 in preferred. This makes a total share capitalization of $7,850,000. If the Saguenay Pulp and Power Company be wound up, the preferred shareholders perhaps would be entitled to the entire holdings of the stock of the new Quebec Pulp and Paper Mills. On the other hand, if the common shareholders refuse to wind the company up, the preferred shareholders will have to wait until the Quebec Pulp and Paper Mills declares dividends before they can expect any return on their holdings. Thus, it is anticipated that the preferred and common shareholders of the Saguenay Pulp and Power Company will get together and come to some agreement on this matter. Perhaps they will share alike in the shares of the new company applicable to their holdings. No doubt, in due course, a meeting will be called.

If you are anxious to have the company wound up or desire more particulars, we would advise you to write Senator Frederick L. Beique, K.C., St. James St., Montreal, who has the matter in hand, and is looking after the interests of the shareholders of your company.

Brooks Steam Motors

Can you give us an opinion on the investment possibilities of stock in Brooks Steam Motor Company?

We have always advised our readers against investment in the securities of Brooks Steam Motors. While not attempting to pass judgment upon the mechanical merits of the Brooks motor, we feel that the company is being financed on a basis that will greatly reduce its opportunities for success and that makes any of its securities speculative and unattractive.

Stock is being sold at very high cost and we have reason to believe that about half of the money subscribed by shareholders goes into the stock selling expense. With such a heavy burden to start with, the possibility of the factory being able to turn out motors and compete in the highly competitive market that surrounds the automobile business is very meagre.

We do not like the stock selling efforts of Brooks Securities, and are convinced that anyone who purchases stock in Brooks Steam Motors is not only making a very speculative investment but is gambling on a proposition where the odds are very much against him. At a certain price an investment in Brooks Steam Motors might be a good gamble, but that figure would be decidedly below the price at which stock has been offered by the Brooks Securities.

$60,000 to Invest

I am an elderly man and am interested in putting my estate in shape so that it will have good investments to divide up among my wife and daughters. I have 100 shares of Mackay, about $16,000 in Victory bonds, and about an equal amount in cash in addition to some other holdings in companies of a private nature. As my total capital is about $60,000, I must get a good return to have enough to live on comfortably and well. Will you give me some advice as to how I might arrange my affairs so as to get a good income from this amount?

The 100 shares of Mackay preferred stock that you own represents a present value of about $7,000. The yield on this investment at the present price is slightly over 5½ per cent. This is not very high, but the stock is an exceptionally strong one and the returns may be regarded as well assured. Investment of such a large amount in one security, even a security so strong as Mackay preferred is, perhaps, not the soundest policy and you might consider reducing your holding by about one-half if an opportunity presents itself. This would give you some $20,000 to re-invest.

Having $16,000 in Victory Bonds, it is hardly necessary for you to confine your further investments to government securities. You could buy some very high grade public utility bonds, such as, Gatineau first mortgage bonds; Montreal Light, Heat & Power first mortgage bonds; or Winnipeg Electric bonds. This should take up at least half of your remaining capital and you could not count on averaging over 5½ per cent. on the best securities of this type.

The balance might be invested in some of the highest grade preferred stocks or stocks of similar character. Consumers' Gas returns a yield of about 5.78 per cent. and is one of the best securities; Montreal Light, Heat & Power and Shawinigan are both excellent stocks, but have the difficulty that the immediate yield is much smaller than you require, although the prospects over a long term are very favorable. Ottawa Light, Heat and Power preferred and Canada Bread preferred are excellent stocks with a yield of over 6 per cent. Steel Company of Canada, preferred, does not yield as highly, but the return is likely to be greater in the future. This issue participates with the common in increased dividends.

For sound security and prospects of appreciation in value, we would recommend mortgage company stocks, especially the companies that have strong reserves and are likely to increase their dividends within the next two or three years. Such companies are Ontario Loan and Debenture, which now yields 5.78 per cent.; Huron and Erie Mortgage Corporation which yields about 5.40 per cent. and Toronto Mortgage which yields 5.44 per cent.

We would suggest that you put your problem up to one of the reliable bond houses, which will submit a list of suitable securities for you, and if you desire, we will give our opinion on any securities recommended.

Canada Steamship Lines

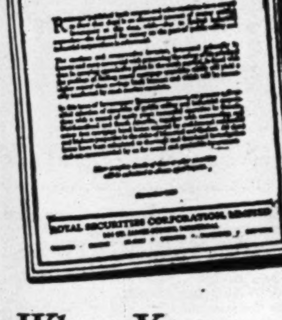
I hold some shares in the Canada Steamship Lines. What do you think of the company, and should I hang on or sell?

We believe that the Canada Steamship Lines is in a better position today than it has been, and as you are aware, it carries a large proportion of the total Canadian business originating on the Great Lakes. In view of the improvement which the present management has brought about in the property, we would advise you to hold on to your shares.

Continental Paper

I paid 99½ for a bond of the Continental Paper Products. Should I sell now?

The International Paper Company controls the Continental Paper Bag Company, which in turn controls the Canadian company, the Continental Paper Products. The bonds of this company are now selling at 89, but we understand that the earning power of the Canadian company is in excess of the bond interest requirements. It looks like a hold to us.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POST-Scripts

ALTHOUGH the Besco chemical plant at Sydney extracts many different valuable substances from Cape Breton coal, enterprising financial promoters here have recently discovered yet another by-product—known as the Miners' Sweepstakes—which promises to be a gold mine for its discoverers unless the legal authorities interfere.

Sealed cards, similar in principle to "baseball pool" cards, have been sold by hundreds throughout the district. These are marked in various combinations, and spaces are provided for recording the daily outputs of all the Besco pits. There are four high prizes and four low prizes, a total of $400 weekly. The scheme is being extensively boomed and eagerly bought.

MURRAY WILLIAMS, Montreal stockbroker, has a penchant for art "finds." He has, for instance, a Constable that he picked up at a bargain. Mr. Williams brightened up the market letter of his house the other day with this appealing story of a bull market in art:

"One day last week the writer stood in the gallery of the New York Stock Exchange watching a bull market in progress. It was nothing to the bull market encountered when, in the afternoon and starting at 42nd Street, he visited the art stores of Fifth Ave. and 57th Street. Here in profusion were offered works of the old masters ranging in price from $80,000 to $150,000. It would have crippled the Bank of England to have bought them all. But the real bull market was in the works of the French school impressionists, the scorned-at "Moderns" of thirty years ago. Here were productions of Claude Monet, Sisley, Degas, and Renoir, which could have been bought for $100 to $500 in 1885. They were priced at from $7,000 to $25,000. Degas painted a little picture which was greeted with ribald laughter in Paris, and it is doubtful if the painter could have sold it for 50 francs. It was priced at $20,000. In a Park Avenue Gallery hung a glorious autumn sunset by George Innes, one of the greatest of the Americans, worth $1,000 thirty years ago, and priced at $40,000 this particular afternoon of the year 1927. The writer dug up a Bosboom for $25 out of a junk heap and was offered $350 for it half an hour later by a 57th Street dealer. The art market was strong all along the line."

The Greenshields Review

The new February issue presents a detailed analysis of financial and commercial conditions and their bearing on the probable course of the investment markets.

If you are an investor this issue of the Review will be of very direct interest to you.

A copy will be sent on request.

Write to Dept. 4

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Book Reviews

Investments

Investment has developed its own literature. This literature consists chiefly of setting down in black and white the rules that have been developed to guide the investor in purchasing well for safety and profit. The well-informed investor is more likely to make an assured income and add extra profits to this income than the man who trusts only to his common sense or who relies entirely upon the advice of someone else. To-day we have books on investment subjects among the best sellers.

The difficulty the average investor faces in selecting books for his investment library is that the cover of a book gives him no indication of the exact degree of usefulness of its contents. He has learned to distinguish between the Harold Bell Wright's and the Arnold Bennett's in fiction but not to distinguish in investment literature between books written to grind someone's axe; books written for the professional investor or banker, and books that tell in ordinary language the things the ordinary investor ought to know.

In the latter class we have not found a much better book than one published by Prenice-Hall, Inc., of New York, under the title of "Investments." The author is David F. Jordan, associate professor of finance at New York University. Prof. Jordan's work is particularly valuable because he does not hesitate to set down fairly definite rules, not forgetting, of course, to indicate where they should be applied with discretion. There is no exact science in investing. When there is, there will be no fun in living, because business itself will be reduced to a routine. But in so far as scientific rules can be made applicable to every-day investing problems, Prof. Jordan has supplied them.

The book sells for $4. However, it has some 360 pages and none of them is wasted. Practically every type of investment is covered.

Canada—A National Property

In a small book of 75 pages, entitled "Canada as a National Property," the Natural Resources Intelligence Branch of the Department of the Interior has gathered together a comprehensive outline of the advances which the Dominion has made and its present standing in relation to other countries of the world, for distribution to American and British business men.

Unlike other books of similar nature, this is one of exceptional merit. Agriculture, forestry, mining, water power, fisheries, recreational wealth and future outlook are all touched upon in an interesting manner by the respective heads of the various governmental departments having to do with these basic industries.

The book has been cleverly decorated with appropriate line drawings, halftones and specially prepared colored maps, which add interest to the different sections, and the whole presents an unusually attractive appearance and is one much above the level of the standardized type of government publication.

Mr. F. C. Lynch, superintendent of the Natural Resources Intelligence Branch, is responsible for the publication of this book, while the general editing and arrangement was undertaken by Mr. O. Master, economist of the Service. The designing, compilation and execution of the maps is mainly the work of Messrs. G. A. Gaudry and E. S. Marindale.

Quebec Investor Finds Post Useful and Always Reliable

Editor, The Financial Post:

May I take advantage of this opportunity to express to you all the enjoyment I have in receiving and reading, regularly, your weekly edition of The Financial Post. I am always sure to find in each number information helpful, industrially and financially, and most dependable; information which is surely useful to men of large responsibilities and large opportunities. Not only are the write-ups, or articles beneficial, but I also find the advertisements most reliable.

Trusting this good service will always be maintained, and wishing your magazine every success, I remain,

Yours truly,
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Eastern Trust Company Earns $100,300 in 1926

From Our Own Correspondent.

MONTREAL.—The annual meeting of the shareholders of the Eastern Trust Company was held at the company's offices at Halifax, N. S. The statement submitted showed profits of $100,300.

During the year, dividends were paid at the rate of 8 per cent. per annum. The estate and trusts under administration increased over one million dollars.

Some twenty-five shareholders were present at the meeting, and among the out-of-town directors were Hon. C. W. Robinson, of Moncton, and W. H. Chase, of Wolfville.

Hon. W. A. Black was re-elected president, and Hon. G. H. Murray, H. R. Silver, and Hon. F. McCurdy, K.C., vice-presidents. The other members of the board are: J. W. Allison, G. S. Campbell, T. F. Tobin, K.C., W. H. Chase, J. B. Douglas, Hon. C. W. Robinson, O. E. Smith, Gavin L. Stairs, Hon. R. G. Beaseley, A. J. Campbell, K.C., and Hugh Ross, K. C.

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News of Investment Markets

DEAL COMPLETED, NOW OFFER BONDS OF MERGED STORES

Municipal Bankers Bond and Sales Corporation Makes Issue

After about a year of negotiation, the stores to comprise the Canadian Department Stores, Limited, have been finally brought together and are now operating as units in this merger of Ontario and Quebec department stores.

Offering was made this week by Municipal Bankers, Bond and Sales Corporation, of $4,250,000 of first and refunding mortgage income bonds of the store company. Of this amount $2,700,000 together with $1,500,000 of preferred stock and various blocks of common stock have already been disposed of, in part payment for the store properties, leaving an amount of $1,500,000 to be offered to the investing public. An issue of $2 500,000 of first mortgage bonds, has already been placed, it is stated.

Is An Income Bond

The bond offering now being made has a number of interesting features.

The bonds represent a first charge on certain of the stores and a general charge on the balance, subject to the first mortgage bonds. Total assets of the stores are given as $8,672,000. Interest is payable as earned and is cumulative, should earnings make it necessary to pass any payment. However, it is pointed out that net earnings for the ten years to December 31, 1925, averaged twice interest requirements on this issue and G. H. Rennie, president and general manager of the company, estimates that net earnings for the first full year of operation will be in excess of three times bond interest requirements.

The stores that have been taken into the merger are as follows:

I. F. Matthews Company, Port Arthur.
Bryan Brothers, Sault Ste. Marie.
Stafford's, Sudbury.
Beamish and Smith, North Bay.
Huntingdon's, Midland.
Beamish and Adams, Huntsville.
Fenton and Smith, Pembroke.
A. A. Fournier, Ottawa.
J. B. Letendre (Le Bon Marché), Montreal.
Cressman's, Peterborough.
Wright Brothers, Brockville.
Dundas and Flavelle's, Lindsay.
Ritchie Company, Belleville.
J. W. Robinson Company, Napanee.
Bristol and Son, Picton.
Maclaren Company, St. Catharines.
Pratt and Company, Hamilton.
Cole and Son, Woodstock.
Duncan Ferguson and Company, Stratford.
Engle Company, Hanover.
Charles Ausin Company, Chatham.
Ogilvie, Lochead and Company, Brantford.

Present executives of these stores will remain in charge in most cases, and each store will be represented on the board of directors.

Particulars of the issue follow:

$4,250,000
Canadian Department Stores, Limited
First and Refunding Mortgage Gold Bonds
7% Income Series "A"

Dated March 15, 1927 Due March 15, 1947

Company: Merger of 21 Ontario department stores and one Montreal store. Average age of stores, 44 years.

Assets: Net tangible assets total $8,672,000.

Earnings: Have averaged for ten years $538,551, applicable to these bonds or twice bond interest. For first year under merger, estimated at three times.

Security: First mortgage on certain stores and general mortgage on balance, subject to first mortgage bonds.

Sinking Fund: Start in 1930, 2 per cent. annually outstanding, plus proportion of earnings after common dividends.

Income Feature: Interest payable as earned and if not paid is accumulative.

Capitalization:

	Authorized	Outstanding
First mtge. 6½% bonds	$2,500,000	$2,500,000
First and refunding income bonds, 7%	10,000,000	4,250,000
7% Preferred stock	4,000,000	1,500,000
Common stock	250,000 shs.	250,000 shs.

Offerred: February, 1927, by Municipal Bankers Bond and Sales Corporation. Price, par with bonus of 5 shares of common stock with each $1,000 bond.

APARTMENT HOTEL BONDS ARE SOLD

$200,000 Drummond St. Realty Bonds Sold at Par With Bonus

From Our Own Correspondent.

MONTREAL.—An investment house syndicate composed of Johnson and Ward, Ernest Savard, and Credit Canada, is offering $200,000, 6½ per cent., general mortgage, fifteen-year bonds, of the Drummond Street Realties Corporation. The issue is part of an authorized issue of $600,000, of which $400,000 is held in escrow, against a first mortgage of that amount which matures in 1930, but with a renewal privilege to 1935. When the prior lien is redeemed, the present issue will become a first mortgage on the property.

The corporation owns and operates the La Salle, a recently completed five-story apartment house, situated in close proximity to the Montreal hotel, theatre and shopping districts.

The particulars of the issue follow:

$200,000 Drummond Street Realty Corp.

Refunding, sinking fund, mortgage, 6½ per cent. bonds.

Dated February 1, 1927, maturing Feb. 1, 1942.

The corporation: Owns and operates an apartment hotel containing 96 apartments and an adjacent apartment house containing 15 apartments. At the present time, the apartment house is entirely rented and a large proportion of the apartment hotel is occupied.

Security: Secured by a closed mortgage on the entire property of the company. Mortgage is subject to a first mortgage of $400,000 and $400,000 of the present issue has been placed in escrow to redeem the prior lien. The appraised value of the land buildings and furnishings amounts to $920,760.

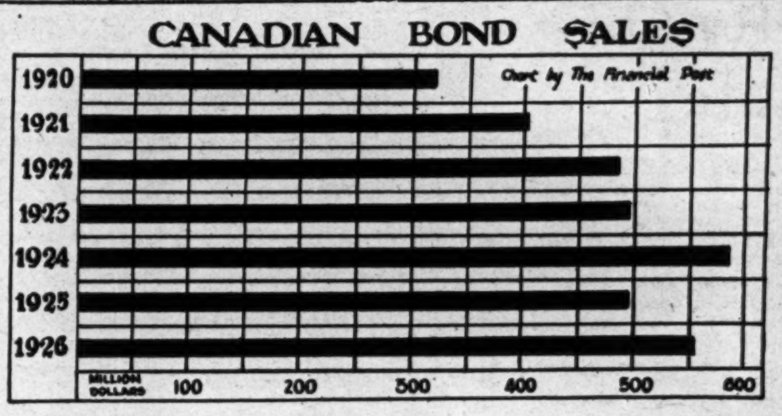
Earnings: The earnings after allowing for 25 per cent. vacancy are estimated at $82,000, or more than twice the bond interest requirements. After deducting prior charges there should remain a sum equal to $4 a share on the common stock outstanding.

Sinking fund: A minimum of 2 per cent. will be applied annually to reduce the mortgages.

Capitalization: Refunding Sinking Fund Mortgage 6½% Gold bonds (closed) Authorized—$625,000; Outstanding $600,000x; Common stock (no par value) Authorized—10,000 shs.; Outstanding—10,000 shs.; Of which $400,000 are held in escrow.

Offered: By a syndicate of Montreal investment houses, February, 1927, at par. Each $100 bond carries a bonus of half a share of no par value common stock. Fractional shares adjusted at $25 per share.

CANADIAN BOND SALES



New wealth available for capital expenditures by government, municipal and corporation bodies, as illustrated by bond sales, has been maintained at a consistent level during the past few years. In the past year new bonds to the value of over $550,000,000 were issued, while for the month of January, 1927, over $50,000,000 were sold, or at the rate of about $600,000,000 a year.

LAKE SAINT JOHN SELLS DEBENTURES

Securities Yield 6.7 Per Cent. and Carry Bonus of 2½ Shares of Common

From Our Own Correspondent.

MONTREAL.—The Dominion Securities Corporation is offering a second issue of securities of the Lake St. John Power and Paper Company in the form of $3,000,000 6½ per cent. debentures with a bonus of common stock. Like the senior issue of bonds, the proceeds of this issue will be used entirely to construct a mill, pay for the properties and for working capital purposes.

The particulars of the issue follow:

$3,000,000 LAKE ST. JOHN POWER AND PAPER COMPANY

6½ per cent. 15 year mortgage debentures, series A.

Dated February 1, 1927, due February 1, 1942.

Capitalization:

	Authorized	To be presently Outstanding
1st mortgage bonds	$15,000,000	$5,000,000x
Mortgage Debentures (this issue)	7,500,000	3,000,000
7% Preferred Stock $100 par value, cumulative from July 1, 1928)	2,000,000	2,000,000
Common Stock (no par value)	100,000 shs.	100,000 shs.

xSeries "A"

The Company: Is erecting a mill with a rated capacity of 220 tons of newsprint per day which, it is expected, will be in operation by the close of 1927. The company has a low cost wood supply and holds favorable power contracts. Its output has been sold to one of the largest publishing interests in the United States for the next ten years.

Purpose of issue: To finance construction.

Security: Secured by a specific charge on all the assets of the company, subject only to the first mortgage. Additional first mortgage bonds may be issued to the extent of 75 per cent. of the cost of additional fixed assets, and additional mortgage debentures may be issued to the extent of 25 per cent. of the cost of additional properties or plant.

Sinking Fund: Commences February 1, 1931, and is sufficient to redeem 70 per cent of the issue by maturity.

Assets: After deducting the amount of the first mortgage bonds, the assets available as security for these debentures upon completion of the plant has been conservatively estimated at $8,250,000.

Earnings: Estimate of net earnings available for debentures, depreciation and income tax, amounts to $1,025,000. Interest charges on the debentures amount to $195,000 annually.

Offered: By the Dominion Securities Corporation, February, 1927, at 98 to yield 6.7 per cent., each $1,000 debenture carrying a bonus of 2½ shares of common stock.

LEASEHOLD BONDS SOLD WITH BONUS

Issue is Retired Five Years Before Lease Expires

From Our Own Correspondent.

MONTREAL.—A syndicate composed of Ernest Savard, Johnson and Ward, Geoffrion and Company, and Bruneau and Rainville, is offering publicly $300,000, 6½ per cent., first mortgage bonds of the Ste. Catharine Improvement Company. The company owns under leasehold a modern building known as the Automobile Sales Building which provides a rentable floor area of 87,640 square feet in a suitable section of Montreal.

The land on which the building is situated is under lease for a period of twenty-five years, at the end of which time the building will become the property of the lessor without indemnity. The bonds mature in twenty years and the trust deed provides for the redemption of all bonds before their maturity date.

The particulars of the issue follow:

$300,000 Ste. Catharine Improvement Company

6½ per cent, first closed mortgage, leasehold, twenty-year, sinking fund bonds.

Dated January 1 1927, due Jan. 1, 1947.

Capitalization:

6½ per cent first (closed) mortgage leasehold 20 years. sinking fund gold bonds, Authorized, $300,000; issued—$300,000.

No par value common stock, Authorized—10,000 shares; issued—10,000 shares.

Property: A modern two-storey, reinforced concrete, fireproof building known as the Automobile Sales Building in Montreal.

Security: Secured by a mortgage on the building, leasehold and the entire property of the company. The land, building and leasehold are valued at $594,000.

Purpose of issue: To liquidate bank loan of $200,000 and to pay for the balance of the cost of construction.

Earnings: All space in the building is rented, which assures an annual gross revenue of about $80,000. The earnings will amount to more than three times the annual interest requirements on the bonds and earnings on the common stock will be equal to more than $2 per share.

Sinking fund: Trust deed provides for the payment of $8,750 twice a year. It is estimated that this will redeem all the bonds before maturity.

Offered: By a syndicate of Montreal Investment houses, February, 1927 at par. Each $1,000 bond carries a bonus of four shares of no par value common stock.

Fractional shares of common stock adjusted at $25 per share.

Open New York Branch

The Toronto investment banking house of McLeod, Young, Weir & Co., have opened a New York agency at 5 Nassau Street, New York city, the activities of which will be in charge of W. H. R. Jarvis, who has had considerable experience in both the New York and London, England, markets. McLeod, Young, Weir & Co. is the fourth Toronto investment house to have such representation in New York.

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BOND DEALERS TAKE DIVERSE VIEWS ON DEBT

Consensus of Opinion in Favor of Some Form of Sinking Fund

References made in the House of Commons to the redemption of maturing bond issues of the Federal Government in the next ten years have not been conducive of much comment by bond dealers. This is a subject that has been familiar for some time past, but so far the matter has never been brought to a head by concrete plans on the government side.

The suggestion of Hon. R. R. Bennett that the outstanding bonds be converted into 4 per cent. consolidated debentures, and that insurance companies be obligated to purchase these securities and that banks do likewise, is not looked upon with favor. It is asked why these organizations should be asked to purchase bonds bearing a lower interest rate than can be had in the general market. Moreover, a large amount of money would be tied up, which would otherwise be used in providing capital for revenue-producing industries.

The suggestion of R. C. Matthews, M.P., of providing a sinking fund is looked upon more favorably and one dealer in commenting upon it, had the following to say: "It must be recognized that providing a sinking fund for the retirement of over a billion dollars worth of bonds is not an easy matter, nor can it be compared to the method recently undertaken by the Province of Ontario. In the former case it was comparatively simple, but in the latter, one must consider that if it is the government's intention, as announced, to redeem in cash a portion of the bonds as they fall due, the sum required for this and sinking fund payments would result in a considerable burden in the way of taxation. However, the idea is sound and one which should be thoroughly gone into by the Finance department in consultation with recognized financial authorities."

This seems to be the consensus of opinion, but the ideas of two other dealers are worthy of consideration. The first thinks that a committee should be formed to go into the question of providing a sinking fund for the redemption of a certain portion of the longer-maturing issues and that loans maturing in the next five years should be taken care of by refunding issues, which could be put on the market at a relatively low cost, and that these be put on an amortization basis.

An Opposing View

The other is somewhat negative. This dealer points out that whether refunding loans are undertaken or sinking funds provided, it is really a matter of taxation. If a sinking fund is to be provided, revenue must be increased, and in order to do that other sources of income must be secured or existing taxation increased. He is of the opinion that keeping taxes low and paying off the debt as quickly as possible from surplus funds is the most logical way of handling the situation for some years to come.

The following table shows the amounts of several Dominion loans and dates of maturities in the next ten years.

1927	5½%	$ 29,068,400
1927 Victory,	5½%	63,437,250
1928	5 %	53,000,000
1931	5 %	52,931,500
1932	5½%	73,325,150
1933	5½%	446,658,800
1934	5½%	511,910,650
1936	4½%	40,000,000
1937	5 %	90,166,900
1937	5½%	236,298,850
		$1,596,797,600

During the past fourteen months no new financing has been undertaken by the Dominion Government, but as there are two issues maturing this year it is more than likely the Government will put out a refunding loan of at least $60,000,000, while the balance of some $25,000,000 or $30,000,000 will be redeemed in cash. The real problem of refunding these loans will not come up, however, until 1923, when a loan of nearly half a billion dollars falls due. Meantime, it is likely that the Government will go into the problem of debt retirement, how this debt shall be met and within what period.

UNLISTED SECURITIES

	Bid	Asked
Brooks Motor, 1 pref. & com.	..	7
Do., 1 pref. & 2 com.	..	9
Can. Machinery, com.	5	6½
Can. Westinghouse, com.	184	190
Chase, A. W., com.	..	10
Do., pref.	..	80
Dunlop Tire, pref.	90	..
Fanny Farmer, com.	25	27
Farmers Dairy, com.	62	..
Goodyear Tire, 6% pref.	96	..
Gunns, Ltd., pref. (new)	100	103
King Edward Hotel, Deb. A.	68	71
King Edward Hotel, Deb. B.	59	62
Loew's Buffalo, pref.	45	52
Nat. Grocers, 1st pref.	95½	98
Nat. Grocers, com.	2	6
Continental Life, 20% paid	42	52
Crown Life	135	..
Empire Life	25	29
Excelsior Life, 29% paid	66	..
Great West Life	425	450
Monarch Life, 10% paid	81½	85
Mortgage Discount, pref.	6	6¾
Ontario Equitable	27	30
Re-Insurance	27	30
Security Life, 40% paid	26	31
Sun Life, 75% paid	675	..
Toronto Finance, pref.	3	4
Willard's, pref.	67	71
Canada Life	725	..
Capital Life, 20% paid	19	22
Farmers Dairy, pref.	99	102

BELL TELEPHONE SHOULD NOW EARN ABOUT 9% YEARLY

But Yield to Investor is Only 5.33% at Present Price

Bell Telephone rate increases add $2,000,000 a year to the company's revenues. Assuming that the increased income all translated itself into profits and had been applicable to 1926 rates, the company would have had a surplus of $559,000 in 1926 instead of a deficit of $1,441,000. Earnings on common stock would have amounted to approximately 9 per cent. instead of 5 per cent. Dividends are paid at the rate of 8 per cent. yearly. It is anticipated that new rates will permit the company to earn about 9 per cent. yearly, equivalent to dividends plus a small amount for surplus.

Of course the 8 per cent. dividend does not represent an 8 per cent. return to investor. The company sells its shares at a price averaging well over par and even when it pays 8 per cent. dividends does not offer its shareholders a high return. The yield at the present market price, about 150, is only 5.33 per cent.

Without these rate increases, Bell Telephone stock could hardly have been called a good investment. Now it is back in its old favor again.

Expected announcement of new stock rights failed to materialize at the annual meeting. However, the announcement of four new directors was of considerable significance, especially as it strengthens the company's representation from Ontario, the quarter where it has drawn the most fire on rate questions and where the stronger board is likely to be an important factor in public relations.

Sir George Garneau succeeded Geo. H. Thomson on the board; Hon. S. G. Mewburn, Hume Cronyn, K.C., and A. B. Purvis were added to the board, bringing it to the total of 15 allowed by charter.

Unlisted Bonds

	Bid	Asked
Abitibi P. & P. 6s, 1940	104	105
Algoma Steel 5s, 1962	30	31
Alberta Pac. Grain 6s, 1946	97½	98¼
Anticosti Corp. 6½s, 1941	102½	103¼
Bell Telephone 5s, 1955	101⅛	101⅝
Belgo Can. Paper 6s, 1943	102½	103
Brandram Henderson 6s, 1936	95½	97
B.C. Pulp & Paper 6s, 1950	85	93
Brompton P. & P. 6s, 1946	99⅛	99⅝
Burns P. & Co. 6½s, 1943	103¼	104¼
Calgary Brewery 5s, 1942	88½	90
Calgary Power 5s, 1940	92½	93⅝
Canada Lt. & Pr. 5s, 1949	93½	94⅝
Can. Nor. Power 6½s, 1941	101	101⅝
Canada Paperboard 7s, 1937	98	99
Can. Steamship 5s, 1943	98¾	99½
Can. Steamship 6s, 1941	98	98½
Can. Steel Fndry. 6s 1936	104*	105½
Davies, Wm., 6s, 1942	92½	93¼
Dominion Iron 5s, 1939	28	30
Dom. Power & Tr. 5s, 1932	96¾	97¾
Dominion Textile 6s, 1949	106½	108
Drummond Investment 6½s, 1938	99	100
Duke Price Pr. 6s, 1966	105	105½
East Kootenay Pr 7s, 1942	103¾	105¼
Elec. Development 5s, 1933	100	100⅝
Famous Players 6½s, 1943	99	100¼
Fraser Co. 6s, 1950	99⅛	99½
Gatineau Power 5s, 1956	96½	96⅞
Gatineau Power 6s, 1941	99½	100
Howard Smith P. & P. 7s, 1941	103⅝	104
Internat'l Paper 6s, 1941	97¾	98½
King Edward Hotel 7s, 1944	93	94½
Lake Superior P. & P. 6s, 1941	106¼	107½
Laurentian Pr. 6s, 1936	102¾	103⅞
Laurentide Pr. 5½s, 1946	101	102
Maple Leaf Mfg. 6½s, 1943	103¾	105
Maritime Tel. & Tel. 6s, 1941	103½	105
Manitoba Pr. 5½s, 1951	99⅝	99⅞
Mattagami P. & P. 7s, 1949	112	116
Mercury Mills 6½s, 1942	100¾	101¾
Mont. L. H. & Pr. 5s, 1951	99⅝	100
Mont. Pub. Service 5s, 1942	99⅛	99⅝
Nor. Can. Pr. 6s, 1945	101½	102¼
Nor. Ont. L. & P. 6s, 1946	101⅝	102
Nor. West Utilities 7s, 1938	99½	100¼
Nova Scotia Steel 5s, 1959	60	64
Nova Scotia Steel 6% Debs.	34	37
Nova Scotia Tram. 5s, 1946	91¼	93
Nova Scotia Tram. 7s, 1952	99½	100¾
Ont. Pulp & Paper 6s, 1931	109½	111
Ottawa Hull Pr. 6s, 1948	103⅝	104½
Ottawa L. H. & Pr. 6s, 1953	105	106
Ottawa Mont. Pr. 6½s, 1949	102¾	103⅝
Ottawa Riv. Pr. 6½s, 1953	103	103¾
Ottawa Trac. 5½s, 1955	101¼	102
Port Alfred P. & P. 6½s, 1943	102¼	102⅞
Price Bros. 6s, 1943	104	104⅝
Prov. Lt. & Pr. 5s, 1946	100¾	101½
Page Hersey 6s, 1946	102	103
Quebec Pr. 6s, 1953	106¾	107¾
Rio Tramway 5s, 1935	95½	96¼
Sao Paulo Tram. 5s, 1929	97½	98
St. Lawrence Paper 6s, 1946	98	98¾
St. Maurice Pr. 6½s, 1953	108¼	108¾
St. Maurice Valley 6s, 1945	99¾	100½
Shawinigan W. & P. 6s, 1950	105½	106¼
Simpson, Robt. 5s, 1952	95	96½
Simpson's, Ltd. 6½s, 1945	103	103⅝
Southern Can. Pr. 5s, 1955	98½	99⅛
Spanish Rvr. P. & P. 6s, 1931	109	110
Spanish Rvr. P. & P. 8s, 1941	106⅝	107½
West Kootenay Pr. 6s, 1943	103¾	105
West Pr. of Can. 5s, 1949	97	98

Propose Sinking Fund to Retire Saskatchewan Debt

Following the lead of the Federal and other provincial governments, a cut of 25 per cent. in the public revenue tax of Saskatchewan, involving a total of $500,000, has been announced by Premier J. G. Gardiner, provincial treasurer.

The budget speech of the Premier was of more than ordinary interest as he covered in a very thorough manner, the progress of the province in the last five years in straightening out and strengthening its financial position. Municipal bank loans, for example, had been reduced by nearly $5,500,000 between the years 1921 and 1925, while a cut of $5,155,000 had been made in the debenture indebtedness of the municipalities during the same period.

As regards finances of the provincial government itself, a large reserve was being built up from profits from liquor control and automobile fees. In the event of a change in the liquor system it would be easy to secure an equivalent revenue from a gasoline tax.

Premier Gardiner announced the government's intention of establishing a sinking fund for retiring the public debt of the province. He estimated that by setting aside $200,000 annually, the net public debt could be wiped out in 45 years.

Tenders and By-laws

March 1. County of Ontario—$25,500, 5%, 20-instalment debentures. E. A. McKay, County Treas., Whitby.

March 7. Municipality of Bagotville, P.Q.—$35,000 5½% serial bonds. A. Potvin, Sec.-Treas.

March 7. Municipality of St. Fulgence, P.Q.—$25,000 5½% serial debentures. L. Tremblay, Sec.-Treas.

This Week's Bond Sales

Vancouver and District Sewerage

The Canadian Bank of Commerce, bond department, has successfully purchased by public tender a new issue of $400,000 Province of British Columbia guaranteed (issued by Vancouver and District Sewerage Board) 4½ per cent. sinking fund bonds, dated Sept. 1, 1925, due Sept. 1 1965, principal and semi-annual interest, payable Victoria, Vancouver, Toronto or Montreal, at 93.51 and interest. Bids received were as follows:

Bank of Commerce	93.51
Bank of Montreal	92.89
Wood, Gundy & Co.	92.65
Fry, Mills, Spence & Co.	92.537
B. C. Bond Corp.	92.32
Clark & Co.	92.209
Royal Financial Corp.	92.123
McDonald, Read & Co.	91.67

King Township Bonds

Dyment, Anderson & Co. were awarded an issue of $78,785, 5½%, 30-instalment debentures of the Township of King, and payable at King City and Toronto, paying 105.818, which is equal to a cost basis of 5.00 per cent. Tenders were as follows:

Dyment, Anderson & Co.	105.818
Wood, Gundy & Co.	105.63
Dominion Securities Corp.	105.377
Royal Securities Corp.	105.75
A. E. Ames & Co.	105.57
Brouse, Mitchell & Co.	105.21

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330 Bay St. Toronto
63 Sparks St., Ottawa

Future Manitoba Surpluses To Apply on Tax Reductions

The surplus of $600,000 earned by the Manitoba government in the fiscal year which ended April 30th, 1926, has taken the form of tax reduction in the way of rebates for 1927 on supplementary revenue and income taxes.

In effect, approximately $500,000 will go as rebate on supplementary revenue, the remaining $100,000 being applicable to income tax. Provision would be made at the end of the current session of the house, according to Premier John Bracken, for the application of future surpluses toward reduction of these two levies in the proportion of 80 per cent. to supplementary and 20 per cent. to income tax.

Following are the changes in taxation provided by the government:

1.—Removal of the succession duties on bequests to charitable institutions.

2.—Removal of the amusement tax on tickets of less than 25 cents to places of amusement, and the removal altogether of the tax on admissions to chautauquas, toboggan slides, musical recitals, miscellaneous pleasure attractions, picnics and amateur athletics.

3.—Reduction of the general tax on property (supplementary levy) by 37½ per cent. for 1927, or from two mills to 1¼ mills.

4.—Reduction of the income tax for the same year by approximately 20 per cent.

RAILWAY EARNINGS

Canadian Pacific

Week End.	1927	1926	Change
Feb. 14	$.249,000	$3,100,000	+$149,000

Canadian National

Week End.	1927	1926	Change
Feb. 14	$4,830,154	$4,494,412	+$335,741

SAWYER-MASSEY BONDS

Sawyer-Massey Co. first mortgage bonds mature April 1st. Of the $886,000 issued in 1912, only $168,400 remained outstanding at the end of 1925. It is probable that the debt will be wiped out, which will leave the way clear to a possible re-organization of the financial structure of this company.

BOND MOVEMENTS OF THE WEEK

Week Ending February 22

Bonds—	Int. Rate	Due	Yield	Range, 1926 High	Range, 1926 Low	Range, 1927 High	Range, 1927 Low	Ask	Bid	Latest Price High	Latest Price Low
Asbestos gen. mtge	6	1956	6.53	88¾	81¼	94½	88	92½	92¼	93	92¼
Do., 1st mtge	6	1941	5.86	..	...	101⅝	96¼	102¼	101¼	101¼	..
Can. Canners	6	1950	6.12	100	94	98½	96½	100	98	98½	..
Canada Cement	6	1929	5.63	103	100½	102¼	100½	102	101¼	101	..
Dom. Iron	5	1929	....	94	86	92	69	..	75¼	75¼	..
Lyall Cons.	6	1932	7.25	94¼	92	94	94	94	..	94	..
Montreal Trams. "A"	5	1955	5.20	95	93	97¾	94¼	97	96¾	97	96¾
Do., 1st mtge	5	1941	5.02	98½	93	99⅞	98¾	99¾	99⅝	99¾	..
Ogilvie "B"	6	1932	5.01	105½	103¼	104⅛	104⅛	..	104¼	104⅛	..
Quebec Rly.	5	1939	5.16	100	91⅞	99½	96	98½	98¼	98½	98¼
Wayagamack	6	1951	6.05	100⅝	90	100	98½	99½	98¼	99¼	98⅝
War Loan	5	1931	4.62	102.40	100.35	101.85	101.00	101.60	101.50	101.70	101.35
Do.	5	1937	4.53	104.65	102.75	104.20	[illegible]	104.05	[illegible]	104.05	103.50
Victory Loan	5½	1927	4.60	102.50	100.15	101.00	100.40	100.85	100.70	100.70	100.55
Do.	5½	1933	4.73	106.35	103.20	104.80	104.00	104.45	104.35	104.45	104.25
Do.	5½	1934	4.89	104.40	102.65	104.05	103.15	103.85	103.80	104.00	103.80
Do.	5½	1937	4.60	109.30	106.70	108.00	106.90	107.55	107.50	107.40	107.00
Do., Renewal	5½	1927	4.50	101.95	100.00	100.80	100.40	100.75	100.50	100.60	100.35
Do.	5½	1932	4.90	103.85	102.00	103.25	102.45	103.35	103.25	103.20	103.15
Do., Refund	5	1928	4.60	101.35	99.00	101.00	100.00	100.70	100.65	100.85	100.65
Do.	4½	1940	4.64	96.95	95.60	98.70	96.60	98.40	98.25	98.60	98.45
Do.	5	1943	4.76	102.80	101.10	103.00	102.40	102.70	102.30	102.70	102.65
Do.	4½	1944	4.62	97.15	98.75	98.65	96.60	98.40	98.32	98.50	98.35
Do.	4½	1946	4.62	96.90	95.65	98.60	96.70	98.45	98.30	98.45	98.30

WEEKLY RECORD OF FINANCING IN CANADA

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS.

Place	Date Sold	Municipal —Sold To—	Rate	Maturity	Amount	Price	Cost Basis
King Township	Feb.	Dyment, Anderson & Co.	5½%	30-ins.	$ 78,785	105.818	5.00
Red Deer	Feb.	City Sinking Fund	6%	20-yr.	85,000	100	6.00
Lloydminster	Feb.	W. Ross Alger Corp.	....	....	12,000	101	...
Midland	Feb.	Dyment, Anderson & Co.	5%	20 and 30-ins.	141,600	100.068	4.99
North Vancouver District	Feb.	Royal Financial Corp.	5%	20-yr.	35,000	98.132	5.15
Vancouver & Dis. Sewerage Bd.	Feb.	Bank of Commerce	4½%	1965	400,000	93.51	...

OFFERINGS OF CORPORATIONS AND FOREIGN SECURITIES

Stock Issues	Date Issued	Offered by	Rate	Due	Amount	Price	Yield
Superior Paper Co.	Feb.	Company	....	....	$200,000	100	...

PRACTICAL RECOMMENDATIONS
will be submitted to investors who entrust their investment problems to us.
Individual consideration given to each inquiry.
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VERSAILLES, VIDRICAIRE, BOULAIS LIMITEE
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E. J. L'ESPERANCE Vice-Pres. & Man. Director
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PRICE TO YIELD 6.30%
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We deal in—
United Securities 6% Preferred Shares.
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Bell Telephone 5's ... 1955
Belgo Paper 6's ... 1943
Belgo Paper 7% Preferred Shares.
Quebec Power Co. 6's .. 1953
Quebec Railway 5's ... 1939
St. Maurice Power 6½'s 1953
Wayagamack 6½'s ... 1930
Wayagamack 6's ... 1951
Montreal Tramways 5's 1941
Montreal Tramways 5's 1955
Laurentide Power 5½'s . 1946
Duke-Price Power 6's .. 1966
Manitoba Power 5½'s .. 1951
Gatineau Power Co. 5's . 1956
Gatineau Power Co. 6's . 1941
Anticosti Corporation 6½'s ... 1941
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Canada Steamship Lines 6's ... 1941
International Paper 6's 1955
International Paper 6's 1941
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Incorporated
Montreal:- 160, St. James St.
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(ESTABLISHED 1901)
E215

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INVESTORS should consider carefully whether their investments are yielding an adequate income.
We have some very attractive First Mortgage Bonds secured by centrally located and improved real estate which yield 6½ to 7%. Some of these Bonds in your list of holdings would help to bring the average income from your investments to an adequate average rate. Write us for special circular and particulars.
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Forty-Three Years of Experience Crystallized in This Booklet ---Send for a Copy
Since 1883 the investment banking house of G. A. Stimson & Co. has followed a course of strict adherence to sound investment principles. During this span of years, which carried this organization through several major and minor business and financial depressions, in which at some time or other practically every class of investment was affected, no security sold or recommended by this house failed to pay principal and interest—a record we are proud of, and one we guard zealously.
Now, as a result of almost a half century of investment experience, we are offering to the investors of Canada what we consider to be the safest and most convenient investment it has been our pleasure to offer.
This investment has all the advantages and none of the disadvantages of other high-grade investments—it is an investment trust, backed by trustee investments, and returns a full 5½% for a twenty-year period.
If you would know more about this opportunity, send today for a copy of our booklet which explains the security back of this issue. You will be under no obligation to purchase.
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Insurance for Buyer and Seller

AUTOMOBILE RATE MAKING IS SCIENCE GAINING STRENGTH

Rates Should be Based on Long Term Trend in Results

With some revisions in automobile insurance rates coming into force in March, there is an added incentive for the insurance underwriter to learn something about the fundamentals of automobile rate-making. Last week, H. P. Stellwagen, secretary-treasurer of the National Bureau of Casualty and Surety Underwriters for the United States, addressed the members of the Insurance Institute of Toronto, and chose as his subject "The Fundamentals of Automobile Rate Making." The address was an exposition of the methods developed in the United States, for determining rates for automobile public liability, property damage, collision, fire and theft insurance, and a consideration of the statistical problems involved.

"A correct schedule of rates adequate for the company and fair and reasonable to the insuring public is the foundation of the insurance structure. The prosperity of the company, the possibility for increased production, the creation and retention of the good-will of policyholders are all dependent on rates that are fundamentally right. Thus, the rate-making procedure is not simply a subject for academic discussion by actuaries and statisticians, but a very practical matter of considerable importance to the company management itself.

Problem in Cost Accounting

"Automobile rate-making is a problem in cost accounting. The growth of the business and the increasing diversification of the hazards insured have demonstrated the inadequacy of general accounting methods and results as a basis for rate-making. Specifically, the financial statement which shows the profit and loss for the automobile lines combined is not only insufficient but actually misleading as an exhibit upon which to predicate rates. An accounting of units is necessary, requiring the application of statistical method and actuarial analysis.

"Automobile rates, like other insurance rates, must be adequate, reasonable and nondiscriminatory. The rate should be adequate not only to take care of the losses and expenses incurred by the company, but also to yield a fair underwriting profit as an incentive to the continued development of the business. At the same time, the rates must be reasonable, that is, not excessive for the protection and service demanded by the public. Lastly, the rates must represent a proper distribution of losses and expenses over the various classes of risks so that one policyholder is not required to make up for the deficiency in another's premium. Obviously, different kinds of hazard vary according to conditions and circumstances, and the question then arises as to how these variations can be measured. The answer is by cost accounting, by statistical research. Before investigating the statistical problem, however, it seems desirable to inquire into the make-up of the automobile rate.

Automobile Rate and Constituents

"The rate for automobile insurance, like the rate for any other kind of insurance, is made up of two elements—a loss element and an expense element. The former provides the amount necessary to pay losses and furnish claim service, the latter provides for the cost of administration, inspection, acquisition and taxes and for a reasonable un-

(Continued on page 23)

Can. Hardware Mutual Again Pays 50% Dividend

The Canadian Hardware and Implement Underwriters' Agency, which is the Canadian selling agency for three American mutual fire insurance companies, has just issued another very satisfactory report for the year 1926.

During the past year premiums received from business written in Canada, amounted to $754,744, as against $655,895 in 1925. In spite of this 15 per cent. increase in business the losses incurred by the company during the year dropped from $245,962 in 1925 to $189,692 in 1926. The company paid in dividends to Canadian policyholders $298,266, which is an increase of about $45,000 over 1925. The dividends paid in 1926 are on premiums written in 1925, and on Class "A" risks, have been 50 per cent. for 20 years.

The combined statement for the three companies shows that surplus account increased during the year by $460,000 and now stands at $2,878,545, all of which is available for Canadian policyholders. The company now has on deposit with the receiver-general of Canada, $470,000 which is nearly $100,000 more than in 1925. Total assets stand at $8,479,490, of which more than $7,000,000 is in the form of cash and other investments. On the liability side of the balance sheet, the company shows $515,237 of unpaid losses ($137,000 more than in 1925), and other liabilities amounting to $245,301. The head office of the Canadian agency is located at Winnipeg, and is in charge of F. B. Dalgleish.

Economical Mutual Has 26,000 Policies on Books

It is fifty-five years since the Economical Mutual Fire Insurance Co., of Kitchener, issued its first report, and in those years the company has built up an organization that reflects much credit on the men who are responsible for its progress and growth. At the end of 1926 the company had 26,176 policies in force, making a net amount at risk of $45,161,620. The company's assets are $1,538,796, of which $702,000 is invested in debentures, and $458,000 in real estate mortgages. During the year, losses sustained amounted to $147,227, and the company's premium income was $315,743, of which 70 per cent. was written on the cash premium basis and the remainder on the mutual plan. The company has a balance of $1,376,258 over all liabilities, and has on deposit with the Dominion government $100,000 for the protection of its policyholders.

In submitting the annual report to the members of the company, George C. H. Lang, president, stated that the increased number of claims paid by the company during the year had resulted in results somewhat below expectations, but that premium income and the amount received from investments had increased considerably. The vacancy on the board of directors, caused by the death of P. S. Lautenschlager, has been filled by the election of Hon. W. D. Euler, Minister of Customs.

Commercial Life Business In Force Now $6,800,000

Another year of progress and expansion is shown by the annual report of the Commercial Life Assurance Co. issued from its head office in Edmonton. The company has only been in business eight years but during that time it has built up a business in force of $6,790,998, and has acquired assets amounting to $611,909. The company is planning to enlarge its field organization during 1927 and to further extend its operations into the provinces of Alberta, Saskatchewan and British Columbia. The company increased its premium during the past year by 15 per cent., that item now standing at $223,174 for the current year. Another feature of the report is the very favorable mortality experience which the company has experienced of late years. This year the rate of actual mortality was only 22.1 per cent. of what was expected and provided for. Regarding the company's investments, over 60 per cent. of their total is invested in government and municipal bonds and school debentures, and the average rate of interest earned on these was 7.47 per cent. The board of directors and officers remain the same for 1927, J. W. Glenwright being managing director, and R. W. Cautley, president.

Pioneer is New Company In Fire Insurance Field

The Pioneer Insurance Co., with head office at Winnipeg, which was incorporated under a Dominion license in January of this year, has commenced business in the fire insurance field. Besides the head office at Winnipeg, the company has a branch at Calgary, and is authorized by the terms of its charter to write fire, automobile, plate glass, sprinkler leakage, hail guarantee, bond, burglary, accident and sickness insurance. The company has an authorized capital of $1,000,000 of which $591,000 has been subscribed. The par value of the shares is $100 and they are subject to a 20 per cent. call. The officers and directors of the company are as follows: President, James Stewart; vice-president, Frank O. Fowler; H. J. Symington, K.C., E. D. Martin, F. J. Anderson, A. C. Reid. J. H. Fache, for 17 years underwriting manager for the Canadian Fire Insurance Co., is secretary-treasurer for the new company. The company is a member of the W.C.F.U.A.

Canadian Fire Insurance Writing in California

The Canadian Fire Insurance Co., with head office at Winnipeg, recently submitted its thirty-eighth report to its shareholders. Last April the company started to write business in the state of California and in his report to the shareholders, R. T. Riley, president of the company, states that the volume and quality of the business so far transacted has been satisfactory. Mr. Riley says that a limited amount of earthquake insurance has been written but only when applied for in conjunction with fire insurance. The loss ratio is said to be satisfactory, and although the setting up of adequate reserves has resulted in a small underwriting deficit, the business is ultimately expected to be very profitable. Net premium income shows a 12 per cent. increase for the year, 5 per cent. of which is due to the California business, and the other 7 per cent. distributed over Canada and Newfoundland. The company's loss ratio on fire risks was 38.2 per cent., and on other risks, 57 per cent., making an average on all risks of 41.2 per cent. The company's total expense ratio was 43.2 per cent. During the year the company added $38,655 to its surplus account which now amounts to $521,351.

Federal Fire Loss Ratio Again Lower for 1926

The Federal Fire Insurance Co. had in 1926 premium income (less rebates) of $202,483, which is an increase over 1925 of $22,816. The net income after deducting premiums paid for reinsurance, and reinsurance recovered on fire claims was $126,095. The company showed an even better loss ratio on its fire claims than last year, the figure being 43.52 per cent., as compared with 44.3 per cent. in 1925, and 50.8 per cent. in 1924. Expense ratio for the year was also the lowest for the past few years, being three per cent. less than the ratio of 43.9 per cent. in 1925. Fire claims and adjusting expenses were $54,882.

The company issued 14,845 policies last year, of which 58 per cent. were three year risks. There are 22,956 policies in force on the books of the company, of which 77 per cent. are on three year risks. During 1926, investments increased $16,094, and now amount to $151,445. They consist of $27,061 Dominion of Canada bonds, $12,791 Dominion of Canada guaranteed, $93,552 Ontario municipal and provincial bonds, and 18,400 in first mortgages. The average yield on these investments was 5.34 per cent.

Western Life Assets Increased by $280,000

Another Winnipeg insurance company which has issued its annual statement for 1926 is the Western Life Assurance Co., which has been in business now for 13 years. The company has a total insurance in force of $8,091,692, and assets at the end of the year amounting to $978,018. The company has had an impairment of capital for several years now, but seems to be steadily improving its position, the amount having decreased from $92,000 in 1924, to $68,000 in 1925, and now standing at $31,421. The company's assets increased during the year by $280,000, due chiefly to a heavy increase in the amount of mortgage loans on real estate. The company showed an excess of income over expenditure of $132,211.

Automobile Insurance Rates Are Reduced

Canadian Automobile Underwriters Association has issued last week its new schedule or rates on private passenger and commercial risks. The 1927 automobile rates on this class of risk will be 10 per cent. lower than in 1926, the new scale to be effective on and after March 1. The rates for publilc automobiles (private or public livery, taxicabs or jitneys, buses), and garages, automobile dealers and manufacturers, remain unchanged. The downward revision of automobile rates by this group of "tariff" underwriters, comes as a result of the 1926 experience, which has been characterized by intense competition in the writing of this class of risk. The announcement of the change in rates comes much later than usual, the common practice being to make the revision before the end of the preceding year.

In commenting on the new schedule, C. W. I. Woodland of the Employers' Liability stated that in his opinion the prospects for 1927 were particularly rosy, and that present indications pointed toward a solidification of the automobile risk business during the next few months.

Metropolitan Life Has $705,000,000 in Canada

There are more than two million policyholders in Canada who will be interested in the Canadian business written by the Metropolitan Life Insurance Co. during 1926. The company now has in force in Canada, $704,911,355 of insurance, of which $167,862,063 was written during 1926. The company's investments in Canada are more than $137,000,000 of which 36 per cent. are in Dominion government bonds, 28 per cent. in provincial and municipal bonds, and the remaining 36 per cent. in various kinds of investments. An analysis of the kind of business written by the Metropolitan during 1926 shows that 48 per cent. of the insurance was industrial, 43 per cent. ordinary life and 9 per cent. on the group basis. Of their total insurance in force in Canada, the largest amount (50 per cent.) is in ordinary life, with industrial next (44 per cent.), and group insurance, 6 per cent. Comparing these figures with those of 1926, shows that the company has greatly developed its group business, and has made more than proportionate advances in the industrial department.

Not only does the Metropolitan claim to be the largest insurance company in the world, but it now ranks as the largest financial institution in the world. Its assets stand at $2,108,004,385; its income for 1926 was $595,596,506, and since 1892 it has paid to its policyholders, either in bonuses or dividends, over $300,000,000.

During the past year the company wrote $3,011,775,150 of new business, which brings their total business in force up to $13,498,981,627, distributed among more than 37,000,000 policyholders.

Insurance Personals

T. G. McConkey, general manager of the Canada Life sailed on the Cunard liner Mauretania for an extended cruise of the Mediterranean. Mr. McConkey arrived in New York for a conference with the company's office there, prior to his sailing.

N. H. Moody, of Calgary, Alta., has been appointed assistant manager of the investment department of the Canada Life, at Calgary. Mr. Moody was formerly accountant of the Calgary office.

H. N. Watt, of the Toronto office of the Canada Life, has been appointed secretary of the agency department.

The Toronto Life Underwriters' Association held their February meeting a few days ago. The underwriters turned out in force to hear Frank H. Kirkpatrick discuss the subject of "Effective Presentation." Mr. Kirkpatrick is a professor of public speaking at McMaster University. The association reports that already they have signed up 170 members for the current year, which compares very favorably with the membership of 1926.

THE
CANADA NATIONAL FIRE
INSURANCE COMPANY

HEAD OFFICE: WINNIPEG, CANADA
TOTAL ASSETS $2,928,337.62

TORONTO, 24 Adelaide St. W.

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$87,000,000.00

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Ordinary Life
Paid up in 19 years!

Policy 31434
Amt. $3000
Prem. $93.30
Issued 1908
Age 39

This policy called for premiums payable during the policyholder's whole life time, but because of the profits earned by The Great-West Life, less than 19 premiums were required.

This fully paid-up policy will continue to participate in profits every five years.

Protection with Profit

32

The Great-West Life Assurance Company
Head Office - Winnipeg

NORTHWESTERN MUTUAL FIRE ASSOCIATION
SEATTLE, WASHINGTON

Head Office for Canada: HAMILTON, ONTARIO

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Consult an Expert

Expert advice?

Who knows more about the value of life insurance than a bereaved wife?

Ask *her* what life insurance means!

* * * *

All too often husbands and wives in the heyday of life become blinded to the future by present favorable circumstances and good health.

This frequently results in one of life's greatest tragedies—mothers and children left alone to face a world they never knew.

It's all the more pitiable since life insurance protection can be secured so easily and at such low cost from The London Life.

Example of "Earning Power" Series, 20 Year Term with special Interchange Privilege.

$10,000 Insurance
Age 25 - - $ 94.50
Age 35 - - $122.00
Age 45 - - $208.00

These extremely low premiums are subject to substantial reduction by annual dividends.

If you are tempted to postpone the taking of adequate life insurance protection think twice and consult an expert

London Life
Insurance Company
"Canada's *Industrial-Ordinary* Company"
HEAD OFFICE - LONDON, CANADA

THE CANADA NATIONAL FIRE INSURANCE COMPANY

Financial Statement, 31st December, 1926

ASSETS

Mortgage Loans on Real Estate and Accrued Interest			$1,128,013.57
Stocks and Bonds and Accrued Interest			80,425.00
Canadian Victory Bonds with Accrued Interest			53,608.03
Real Estate, Head Office Building		$329,518.97	
Real Estate—Other than Head Office Building		783,990.20	
			1,113,509.17
Office Furniture and Fixtures, Maps and Plans and Automobiles, less depreciation			9,954.04
Accounts Receivable			26,420.10
Salaries in advance			7,000.00
Balances retained by Foreign Companies			72,436.09
Sundry Assets—Estimate 1926 Farm Crop			8,000.00
Agents' Balances			30,333.05
Cash on Hand and on Deposit			79,281.08
			$2,608,980.13

LIABILITIES

Government Reserve for Unearned Premiums			$ 143,719.70
Losses unpaid (in course of adjustment)			6,404.15
Accounts Payable			13,208.13
Balances due on Mortgage Loans			163,675.65
Reinsurance Premiums (held in reserve on deposit)			17,464.96
Contingent Reserve Fund			96,784.70
Loss Reserves—Foreign			6,050.25
Capital Stock—Subscribed	$2,050,400.00		
Capital Stock—Paid Up		$1,894,012.87	
Net Surplus		267,659.72	
			2,161,672.59
			$2,608,980.13

REVENUE

Balance brought forward from 1925		$ 610,664.94
Less Transferred to Contingent Reserve, 1926		115,229.10
		$ 495,435.84
Profits from Mortgages, Stocks and other sources		84,759.12
Fire Insurance Premiums	$280,173.39	
Less Reinsurance thereon	77,859.05	
		202,314.34
		$ 782,509.30

EXPENDITURE

General Expenses, Salaries, Commissions, etc.:—		
Loan and Investment Department	$ 28,409.44	
Fire Department	162,951.49	
		$ 191,360.93
Losses and Adjustment Expenses	$224,803.38	
Less Reinsurance Recoveries	73,521.44	
		$ 151,281.94
Depreciation written off Furniture and Fixtures, Maps, Plans and Automobiles		2,797.77
Maintenance of Real Estate		25,689.24
Reserve for Unearned Premiums	$143,719.70	
Net Surplus	267,659.72	
		411,379.42
		$ 782,509.30

AUDITORS' REPORT

TO THE SHAREHOLDERS:—

We beg to report that we have audited the Books and Accounts of The Canada National Fire Insurance Company for the year ending December 31st, 1926, and have found them properly stated and sufficiently vouched. We have verified the Cash on Hand and on Deposit, the Mortgages and other Securities. In our opinion the Balance Sheet presents a correct view of the state of the Company's affairs as at 31st December, 1926, according to the best of our information, and the explanations given us and as shown by the books of the Company. The final Report of the Company's London Auditors on Foreign Business for the year 1926, not having been received, the figures contained in the Reports to November 30th, 1926, received from the Company's London Agent have been incorporated in the Statement.

Winnipeg, 7th February, 1927.

(Sgd.) D. A. PENDER, SLASOR & CO.,
Chartered Accountants.

Current Events in Banking World

WESTERNER SAYS FARMER'S ENEMY IS TOO MUCH CREDIT

Need Change of Attitude Toward Job, Says John S. Smith

From Our Own Correspondent.

CALGARY.—For many years past one of the outstanding matters of importance discussed at all farmer conferences in Western Canada has been the question of loans. Banks, mortgage companies, and all other lending institutions have been blackguarded up hill and down dale. Cries have been raised for farmers' own banks and so forth. All arguments have been in the one direction, and the farmer government of Alberta itself has from time to time, since it assumed office in 1921, shared strongly in the sentiments expressed by their agrarian supporters.

It is therefore refreshing to find that there is now one lone voice in the wilderness that sturdily proclaims some worth while advice on the proper basis of farm credits. The man is John S. Smith, director and secretary of the Cardston Co-operative Credit Society.

Worst Enemy Too Much Credit

Mr. Smith, in addressing the recent fourth annual convention of the Alberta Provincial Association of Co-operative Credit Societies, told his hearers that the farmers' worst enemy was unrestricted credit. Too much credit, he said, was frequently the cause of abandoned farms and disheartened families. The borrower was only mortgaging his ability, his time and his service for future years to pay off past indebtedness when he needed his productive ability to provide for the present. "Seventy per cent. of the Alberta borrowers are from one to five years behind in their ability to liquidate their obligations. To make farming more profitable is of greater necessity than to get more credit," he said.

Emphasizing the point that another danger of credit was extension of time, Mr. Smith stated there was a clamor among agriculturists for a longer term credit. The hope was maintained, he said, that a long term loan was a panacea for all their financial ills, by which all their short term debts could be refunded or forgotten. When the average borrower had to refund short term loans into mortgage indebtedness, he was fast becoming an unfortunate. He was mortgaging his labor and selling himself into financial bondage for five, ten or thirty years to pay generally for something that had been utilized and could be of little or no assistance in producing products or income. Long term loans were profitably used for the purchase of more land and permanent improvements. Economic and natural conditions had militated against the farmers for the last eight years to such an extent that most of them were so seriously involved that some of the banks, credit societies and loan companies on the North American continent had been unable to stand the strain of defaulted payments on those short term loans and had to close their doors. But despite that condition, the funding of personal debts into mortgage obligations was not the cure-all. The crash was only extended.

Need Change of Attitude

Mr. Smith said there must be a readjustment on the part of the agriculturist, a changing of attitude, and abolition of the present false standards. Men must adjust themselves to conditions. Governments could help by reducing the interest rate, by extending credit occasionally to more producers and by the conducting of experimental farms and the publication and dissemination of so much valuable information which had been so admirably done in Canada. Financial institutions could help in various ways, but each man must help himself.

There must be, he said, a curtailing of expenses, less extravagance, more persistent and continuous labor on the part of the agriculturists, less hired help which was generally expensive as well as inefficient, shorter and less strenuous school terms. This latter item was very important. Children for instance, must be granted the opportunity to learn how to work physically, how to earn and save money, to help defray part of the expense for their own scholastic training, rather than continuous "cramming" for ten months in each year which excessive strain left the scholar worn mentally and physically, with the thought uppermost in his mind that he must seek a pleasure resort for a vacation in which to recuperate during the other two months. The standard was false. Instead of a child being trained to serve and help, his parents became slaves to him.

Should Not Blame Others

Better care, he said, must be taken of machinery and equipment and the agriculturist's preparation must be more thorough and scientific. Farming must be more diversified. Seven or eight months' labor and four or five months' idleness were incompatable.

Blaming the country, said Mr. Smith, the markets, some one else, and looking for unusual loans and conditions were inclinations to which men were prone, but those tendencies did not solve problems, colonize lands, build thriving, prosperous communities, nor develop desirable and valuable citizens.

If the advice of John S. Smith, of Cardston, were followed there would be many western farmers in a vastly better financial condition than they are to-day. It required courage for an official in the farmer movement to speak in the manner he has done. The only regret is there are not more like him.

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Staff Gossip

Word has been received at the superintendent's department of the Canadian Bank of Commerce of Gordon T. L. Lynch's transfer to Montreal, where he has been appointed manager of the bank's branch at the corner of St. Catherine and Metcalfe streets. Mr. Lynch has a wide circle of friends in this district and city, having been located here for many years. He entered the old Eastern Townships Bank in the spring of 1903.—Record, Sherbrooke.

* * *

Fred Hoover, manager of the Standard Bank, Markham, for the past year, has received notice to go to Richmond Hill to take charge of that branch. W. F. Law, manager of the Pickering branch, will succeed Mr. Hoover.—Economist-Sun, Markham.

* * *

W. G. Bedford, who has for the past three years served as local manager of the Standard Bank of Canada, will shortly leave to take up his duties as manager in the branch in St. John, N.B.—Liberal, Richmond Hill.

* * *

Jack Ritchie, accountant at the Blenheim branch of the Canadian Bank of Commerce, has tendered his resignation to head office and expects to sever his connection with that institution at the end of this month.—News Tribune, Blenheim.

* * *

J. H. Carr-Hilton of the staff of the Canadian Bank of Commerce of Vancouver has been transferred to the local office.—Sentinel, Summerside.

* * *

Harold White, of the Canadian Bank of Commerce, Summerside, has been transferred to the branch of that bank at Campbellton, N. B. — Farmer, Summerside.

* * *

James Hand, who has been on the Bank of Montreal staff here for a couple of years, has been transferred to Meaford.—Herald, Alliston.

* * *

Scott Cluff has been transferred to the East end branch of the Dominion Bank in London.—News, Seaforth.

* * *

L. Merrells, of the Standard bank staff, has been transferred to Toronto.—Review, Bridgeburg.

William A. Hillcoat, teller of the Bank of Montreal, Amherst, has been transferred to Bathurst, N.B.—News, Amherst.

* * *

After forty-two years in the banking business, twenty-six of which were spent with the Canadian Bank of Commerce, H. R. Beaven, one of Victoria's pioneers, and one of Western Canada's oldest bankers, is retiring as manager of the North Victoria branch under the pension fund system of the Bank of Commerce, according to an announcement made recently. Mr. Beaven is being succeeded by J. C. Newmarch, formerly manager of the branch at White Horse, B.C. The retirement takes place immediately.

Mr. Beaven has been connected with the banking business for the past forty-two years, having been in the service of the old Bank of British Columbia. When the amalgamation of the Bank of British Columbia and the Bank of Commerce took place in 1901, Mr. Beaven was transferred to Victoria. He has held various executive positions in the bank since that time.

Shortly after the North Victoria Branch, at the corner of Bay and Douglas streets was opened, in March, 1910, Mr. Beaven was appointed manager and has filled that office until the date of his retirement.—Colonist, Victoria.

* * *

W. T. Pearson, who has filled the position of accountant in the Canadian Bank of Commerce branch here for the past nine years, has left for Vancouver, to which point he has been transferred.—Enterprise, Yorkton.

ELECTS OFFICERS

Hamilton Clearing House Nominates Officials for 1927

At the annual general meeting of the Hamilton Clearing House, the following officers were elected for the ensuing year: Chairman, A. C. Skelton, manager, Bank of Montreal; vice-chairman, F. S. Glassco, manager, Imperial Bank of Canada; advisory committee, with the above: A. E. Taylor, manager, Canadian Bank of Commerce; J. Stephen, manager, Bank of Toronto; T. Peacock, manager, Royal Bank of Canada, and Arthur C. Rowe, manager and secretary-treasurer.

Weekly Bank Clearings

(In comparison with the same week last year)

Eastern Cities	Feb. 18, 1926	Feb. 17, 1927
Halifax	$ 2,492,104	$ 2,773,920
St. John, N.B.	2,633,126	2,426,865
Moncton	623,783	764,939
Quebec	3,579,826	4,961,826
Sherbrooke	575,725	775,952
Montreal	101,055,298	100,528,085
Ottawa	5,840,440	6,122,338
Kingston	541,918	584,882
Peterboro'	571,701	659,799
Toronto	95,389,351	115,094,251
Hamilton	4,274,361	5,431,328
Brantford	1,029,697	941,419
London	2,247,512	2,751,240
Kitchener	994,136	953,023
Windsor	4,180,903	3,736,132
Chatham	......	686,698
Western Cities	**Feb. 18, 1926**	**Feb. 17, 1927**
Fort William	646,939	669,475
Winnipeg	36,617,322	34,356,747
Brandon	393,552	398,989
Regina	2,584,851	3,132,733
Moose Jaw	913,015	996,874
Saskatoon	1,509,454	1,463,366
Prince Albert	328,392	386,794
Lethbridge	502,628	391,295
Calgary	6,968,717	6,159,974
Edmonton	5,712,514	4,128,140
Medicine Hat	229,489	246,919
New Westminster	621,797	640,479
Vancouver	15,133,532	16,848,165
Victoria	1,803,602	1,811,568

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THE SPLENDID RECORD OF

THE COMMERCIAL LIFE

BUSINESS IN FORCE INCREASED 9.42%
PREMIUM INCOME INCREASED 15.67%
RESERVES INCREASED 28.25%
ASSETS INCREASED 22.29%
INTEREST INCOME INCREASED 26.26%
RATE OF INTEREST EARNED ON ASSETS .. 7.47%

Over the period of the last six years the Commercial Life has averaged a higher rate of interest on its assets than any other life insurance company in Canada.

ACTUAL TO EXPECTED MORTALITY 22.12%

Year	Business in Force	Assets	Policy Reserves	Premium Income	Interest Income
1918	$184,000	$71,905	$11,825	$5,578	$2,873
1920	$723,000	$109,699	$29,763	$22,586	$5,963
1922	$3,920,359	$229,725	$123,938	$89,368	$11,422
1924	$5,754,629	$400,866	$312,463	$156,998	$15,181
1926	$6,790,998	$611,909	$519,862	$223,174	$28,681

OFFICERS

President: R. H. CAUTLEY, Esq., Edmonton.
Vice-Presidents: E. W. ALLIN, Esq., M.D., C.M., Edmonton; SHERIFF L. G. CALDER, Saskatoon.
Managing Director: J. W. GLENWRIGHT, Esq., Edmonton.
Secretary: E. B. H. SHAVER, Esq., Edmonton.
Medical Referee: E. W. ALLIN, Esq., M.D., C.M., Edmonton.
Consulting Actuary: C. C. SINCLAIR, Esq., F.A.S., Winnipeg.

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The Company is extending its field organization and will be glad to receive applications for Agency Representation throughout the provinces of Alberta, Saskatchewan and British Columbia.

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MONTREAL

CANADIAN LOCOMOTIVE COMPANY LIMITED

FIFTEENTH ANNUAL REPORT

For Eighteen Months ended 31st December, 1926

ASSETS

Fixed Assets—			
Land, Buildings and Equipment as valued by the Canadian Appraisal Co. Ltd., at the 30th June, 1924, together with net additions since to the 30th June, 1925		$3,763,324.61	
Net additions during eighteen months		39,811.96	
		3,803,136.57	
Goodwill		1,000,000.00	$4,803,136.57
Sinking Fund Investment Account—			
$238,500.00 Company's First Mortgage Bonds purchased and held by Trustees—Cost		229,027.37	
Cash in hands of Trustees, including January, 1927, Coupons and Cash paid to Trustees during January 1927		14,704.83	243,732.20
Investments—			
1933 Dom. of Canada Victory Bonds at cost	$513,187.50		
Less: Amortization of Bond Premium to date	6,835.00		
		506,352.50	
Other Dominion of Canada Bonds at par		350,000.00	
Can. National Rlwy. Equipment Bonds, Series "G" at par		216,000.00	
		1,072,352.50	
Add: Accrued Interest thereon to date		12,935.75	1,085,288.25
Current Assets—			
Inventories valued at or below cost, as certified by officials of the Company:			
Work in Process	60,895.69		
Material and Supplies	150,643.62		
		211,539.31	
Trade and Miscellaneous Accounts Receivable—less reserve		28,007.64	
Cash in Banks and on hand		33,767.76	273,314.71
Deferred Charges to future operations			17,355.30
			$6,422,827.03

CAPITAL AND LIABILITIES

Capital Stock—			
Authorized: 35,000 Shares at $100 each	$3,500,000.00		
Issued: 15,000 7% Cumulative Pref. Shares, fully paid		$1,500,000.00	
20,000 Ordinary Shares, fully paid		2,000,000.00	$3,500,000.00
First Mortgage 6% Forty-Year Gold Sinking Fund Bonds, due 1st July, 1951—			
Authorized	2,000,000.00		
Whereof issued			1,500,000.00
Current Liabilities—			
Bank Loans		125,000.00	
Trade Accounts Payable, Wages and other Miscellaneous Balances		152,086.79	
Bond Interest Accrued, Coupon No. 31 (Paid the 3rd January, 1927)		45,000.00	
Dividend No. 60 on Preference Shares for the three months to date (Paid the 3rd January, 1927)		26,250.00	348,336.79
Reserves—			
General Depreciation		200,000.00	
Sinking Fund		243,732.20	443,732.20
Profit and Loss Account—			
Balance at credit thereof, per Statement II.			630,758.04
			$6,422,827.03

WM. HARTY, Jr., Director.
WM. CASEY, Director.

AUDITORS' REPORT AND CERTIFICATE

To the Shareholders, Canadian Locomotive Company, Limited, Kingston, Ont.

We have examined the books and accounts of the Canadian Locomotive Company, Limited, for the eighteen months ended the 31st December, 1926, and in accordance with Section 94 B of the Companies' Act (Dominion) we report that we have obtained all the information and explanations we have required and that, in our opinion, the attached Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs at the 31st December, 1926, according to the best of our information and the explanations given to us and as shown by the books of the Company.

GEORGE A. TOUCHE & CO.,
Chartered Accountants, Auditors.

Dated at Toronto, Ont.,
31st January, 1927.

PROFIT AND LOSS ACCOUNT FOR THE EIGHTEEN MONTHS ENDED THE 31st DECEMBER, 1926

NET LOSS for the eighteen months ended the 31st December, 1926, before providing for depreciation and other items as shown below		$ 46,694.83
Add:		
Bond Interest	$135,000.00	
Provision for Depreciation	100,000.00	235,000.00
		281,694.83
Deduct:		
Interest received on Investments—less Amortization of Bond Premium	92,467.81	
Profit on Sale of Investments	1,200.00	
Reserve re 1924 Income Tax written off	558.40	94,226.21
		187,468.62
Balance at Credit 1st July, 1925		998,226.66
		810,758.04
Balance appropriated as under:		
Sinking Fund Provision	22,500.00	
Preferred Dividends	157,500.00	180,000.00
Balance at credit, transferred to Statement I		$630,758.04

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Your letters are your ambassadors—ambassadors with *"powers extraordinary"* to create impressions favourable or unfavourable.

The unkempt salesman may possess unlimited ability, and the message on the undignified letterhead may be well-worded, but unavoidably some of the fineness of each is lost because of its unfavourable background. So too, consciously or unconsciously, there is cast a reflection on the character of the organization.

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STANDARD BANK'S PROFITS INCREASE; NEW ASSETS PEAK

Total Resources Over $90,000,000 Mark and Profits Over $800,000

Standard Bank of Canada followed the example of other banks that have already issued their annual statements by increasing earnings quite considerably in the year to January 31, 1927.

Assets and earnings both touched new objectives—$90,000,000 and $800,000 respectively.

Profits for the year, after deducting expenses, interest accrued on deposits, rebate for interest on unmatured bills, provincial and municipal taxes, and making provision for bad and doubtful debts, totalled $821,886, as against $773,823 the year previous, representing an increase of $48,063. Appropriations left net profits to apply to stock of $683,652. This was equal to 14.7 per cent on the $4,823,400 stock outstanding, as compared with 13.1 per cent. earned in 1925-26.

Profit and Loss

	1926	1925	1924
Profits	$821,886	$773,823	$688,682
Pension	$ 35,000	$ 35,000	$ 25,000
Taxes	50,000	55,000	50,000
Tax on circ.	48,234	48,234	40,000
	$138,234	$138,234	$115,000
	$688,652	$635,589	$573,682
Dividends	578,808	578,808	488,234
Reserve	....	....	150,000
Balance	$109,844	$ 56,781	*$64,552
Prev. balance	207,892	151,110	215,661
P. & L. bal.	$317,736	$207,891	$151,109

*—Debit.

Assets Up $4,000,000

Balance sheet shows an increase in assets from $86,559,055 to $90,439,637. Current loans and call loans are both larger while security holdings have declined as part of the process of transferring funds to the other more profitable uses.

Savings deposits and current deposits were both greater.

Comparative balance sheet figures follow:

Immediately Available Liquid Assets			
Specie	$ 518,154	$ 599,126—	$ 80,975
Dom. Notes	8,530,917	8,720,542—	189,625
Note cir. dep.	250,000	258,000—	8,000
Bank bal.	885,264	852,990+	32,274
Cheques	5,795,556	3,573,987+	2,221,569
Gov. Secs.	10,308,466	12,232,586—	1,924,120
Gold res.	1,400,000	1,300,000+	100,000
Notes, bank	509,248	461,939+	47,309
For. curr.	47,492	34,342+	13,150
	$38,245,097	$28,033,512+	$ 211,585
%Total assets	31.2	32.3 —	1.1
%Total liab. to public	34.3	35.7 —	1.4
Other Assets			
Pub. Secs.	$ 2,858,537	$ 3,650,698—	$ 792,161
Other Secs.	2,875,648	1,880,819+	994,829
Call loans,Can.	9,828,838	7,883,825+	1,945,013
Current	39,495,952	38,250,847+	1,243,105
Non. curr.	484,401	609,804—	125,403
Mun. loans	1,717,989	1,498,274+	219,715
Premises	3,712,934	3,744,777—	31,843
Lets. of cred.	483,461	357,057+	126,404
Mortgages	263,870	177,421+	86,449
Real Estate	315,553	297,123+	18,430
Other assets	159,357	174,898—	15,541
	$62,194,540	$58,525,543+	$3,668,997
Total Assets	$90,439,637	$86,559,055+	$3,880,582
Liabilities to the Public			
Circulation	$ 5,828,130	$ 6,082,760—	$ 254,630
Due dep.	14,352,729	14,221,930+	103,829
Savings	57,822,829	54,210,114+	3,612,715
Due banks	97,338	159,977—	62,639
Due else.	2,433,256	2,171,760+	261,496
Lets. of cred.	483,461	357,057+	126,404
Dep. by bks.	1,017,644	1,017,626+	18
Other liab.	244,404	261,183—	16,779
	$82,252,821	$78,482,407+	$3,770,414
Liabilities to Shareholders			
Capital	$ 4,823,400	$ 3,823,400	$ .....
Reserve	2,900,000	2,900,000	.....
Dividends	145,679	145,356+	323
Balance	317,737	207,892+	109,845
	$ 8,186,816	$ 8,076,648+	$ 110,168
Total liab.	$90,439,437	$86,559,055+	$3,880,582

At the annual meeting, A. F. White, president, attempted to put in proper focus some of the most striking features in the Canadian situation. While no more favorable situation has existed for many years, "the real basis of our prosperity has been the healthy state of agriculture during the past two years."

"It is fair to assume, however, that heavy capital expenditure on the part of hydraulic-power, mining and pulp and paper developments have been an important factor as well. Perhaps this is not generally recognized and may be analogous in some degree to the favorable conditions of two decades ago, which were largely the result of immense capital outlays for railway expansion at that time. It is possible, therefore, that fundamentally we have not progressed to the extent that a superficial view would lead us to assume. It is an accepted principle that the expansion of agriculture depends mainly upon immigration, and unfortunately during 1926 improvement in that direction was disappointing. There are signs, however, that a change for the better is imminent. Our steel industry—capable of enormous possibilities—with its abundant development of railway tonnage, labor, buying power, etc.—continues in its deplorable state. It is impossible to discuss this important item, however, without, of necessity, involving fiscal matters; therefore, we must content ourselves with having drawn attention to it. Nevertheless, the highly unsatisfactory condition in which we find this great basic industry deserves the thoughtful consideration of the people of Canada."

N. L. McLeod, general manager, emphasized that Canada passed through its period of war depression and was now embarked upon an era of prosperity.

MONTREAL TRAMWAYS COMPANY

ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of the shareholders of the Montreal Tramways Company will be held at the Company's offices, Tramways Building, 78 Craig Street West, Montreal, at 12 o'clock noon, on Tuesday the 29th day of March, 1927, for the reception of the Report for the fiscal year ended December 31st, 1926, election of directors, and the transaction of such other business as may legally come before said meeting.

The transfer books will be closed from the 9th to the 28th day of March, both days inclusive.

By Order of the Board,

PATRICK DUBEE,
Secretary-Treasurer.

February 23rd, 1927.

BENNETT DEBT SCHEME ECONOMICALLY UNWISE, DECLARES ECONOMIST

(Continued from page 1)

is to be noted that for this benefit they have been, and are, paying in their development activities, in gratuitous public services, and during the past decade, in very heavy taxation.

Involves Forced Grants

Essentially the plan involves a forced grant by Canadian financial institutions. If it is just for them to be singled out to bear an inordinate share of war costs, logical inquiry is "Why introduce the camouflage of a four per cent. return? Why not three or two or even zero per cent?" It is obvious that the Bennett scheme professes discriminatory taxation with the sting soothed by a four per cent. return.

Such taxation, even discriminatory taxation, is not necessarily unsound, although it may be undesirable. To suggest, as does this proposal, that institutions reimburse themselves by recourse to the provisions of the Finance Act is, however, economically indefensible. A parallel to such a situation may be found in French finances up to July of last year. I have for long been convinced that the economic implications of this act are less understood than those of any other single piece of Canadian legislation. Were it not for the traditional prudence of Canadian bankers it could become the greatest engine of inflation on earth. Mr. Bennett's scheme is a step in that direction, for it would result in the creation of currency based on a long-term promise of repayment by the Canadian government, and not on the current flow of goods from producer to consumer, which is the foundation of rediscount practice.

An Indefensible Scheme

Such a perversion of an invaluable credit device is indefensible, except possibly in a pressing emergency, and emphasizes once again the inherent danger of intermingling the fiscal requirements of the government with the operations of banking finance. Its pernicious possibilities should direct our attention to the provision of safeguards, now virtually absent, for intelligent control of the rediscount facilities presently available under the Finance Act.

My conclusion, based upon press despatches available, is that the proposal is ethically reprehensible, financially deficient and, if carried to the suggested limits, economically imprudent. It does suggest, however, the dangers to which sound finance will be subjected until the provisions of the Finance Act are amplified to achieve judicious rediscount control.

FOREIGN EXCHANGES

United States Funds Remain at Premium

Conducted by S. J. ZACKS.

The markets for the week continued their quiet pace. The premium on United States funds remains at 5/32 per cent., with few signs of change in sight. The opening of navigation is expected to make United States funds easier. Borrowing in the United States has been comparatively light during the past few months—a factor which, if reversed, would make for strength in Canadian funds.

The holiday in New York on Tuesday gave London an opportunity to push Norwegian to a new high for the year, equalling the high established in November. 1926. This is the third time that the opportunity has been taken to advance Kroner in London while New was closed.

Activity in lire has been revived. A steady move forward is mooted for lire again. After last week's sharp advance in lire, it dropped back when support was withdrawn. Reports from New York, however, continue optimistic.

Buying in pesetas has been in fair volume, although offerings at present prices have been substantial. Spain has continued buying gold from the Bank of England almost daily. The better budgetary position and measures leading to consolidation of the internal debt have stimulated purchases of the currency and internal bonds. As a matter of fact, since the settlement of the Morrocco trouble, capital has begun to flow back. Recent imposition of import duties, too, have helped to maintain Spanish pesetas. Speculative interests are still very active in this currency.

Sterling continues quiet. Sterling futures for the first time this year were quoted at a slight discount from spot. Hitherto futures have always kept above spot. The discount is not regarded with concern.

NEW YORK FUNDS

			Last year	
	High	Low	High	Low
Feb. 17	5-32	9-64	25-64	23-64
Feb. 18	5-32	5-32	7-16	25-64
Feb. 19	5-32	5-32	13-32	13-32
Feb. 21	5-32	5-32	25-64	3-8
Feb. 22	5-32	5-32	13-32	3-8
Feb. 23	5-32	5-32	25-64	23-64

STERLING, FRANCS AND LIRE

	Sterling Close	Francs Close	Lire Close
Feb. 17	4.84⅝	3.92	4.32
Feb. 18	4.84 11/16	3.91¾	4.34¾
Feb. 19	4.84 11/16	3.91¾	4.37¼
Feb. 21	4.84 11/16	3.91½	4.40½
Feb. 22	......	......	......
Feb. 23	4.84⅝	3.91½	4.36

FOREIGN EXCHANGE

Par		Feb. 16	Feb. 23
19.30	Italian	4.32	4.36
32.45	Brazilian	11.89	11.94
23.82	German	23.84	23.70
19.30	Belgium	2.79	13.92
84.85	Japan	48.90	48.94

Canadian Car & Foundry Obtains $8,000,000 in Orders

From Our Own Correspondent.

MONTREAL.—It is understood that orders amounting to around $8,000,000 have been secured by the Canadian Car and Foundry Company since October last. With these orders, and with the further orders which the company has in sight, the earnings should be considerably in excess of those for the fiscal year which ended September 30 last, when net earnings, after all charges and bond interest, amounted to only $59,860. In the 1925 year the company experienced a deficit of $329,771.

ELECTED TO STOCK EXCHANGE

John M. Easson has been elected a member of the Toronto Stock Exchange.

The Nation's Business

(Continued from page 1)

Customs revenue the following trend in recent years:

Customs Revenue By Fiscal Years

1921	$163,266,804
1922	105,686,645
1923	118,056,469
1924	121,500,798
1925	108,146,871
1926	127,355,143
1927 (Est.)	141,500,000

Sales tax and other excise taxes (not including excise dues on liquor, etc.) showed a big increase for the current year, due, no doubt, to similar reasons:

Sales Tax, Cheque Tax, Etc. Fiscal Years

1921	$78,803,099
1922	73,656,489
1923	106,482,718
1924	120,676,376
1925	85,810,717
1926	98,097,106
1927 (Est.)	104,000,000

• • •

INCOME tax, despite "the sweeping reductions all down the line" made by Mr. Robb a year ago, showed a decline of only $9,000,000. This gave evidence that incomes were higher during the year 1925 and also that the tax on dividends had gone a long way towards offsetting the reduction in other types of incomes. Income tax comparisons follow:

Income Tax Revenue* By Fiscal Years

1921	$ 87,223,225
1922	101,500,022
1923	72,743,000
1924	58,956,709
1925	58,952,570
1926	56,745,410
1927 (Est.)	47,550,000

*Including business profits tax.

• • •

THE significance of these figures is apparent. They serve to indicate that so-called tax reductions—that is, reductions in the rate of taxation charged on incomes, sales, etc.,—are merely adjustments to give back to the tax payer some of the benefit of the presently expanding revenues of the Dominion. They do not represent any real curtailment in the net burden of taxation on the country. For instance, with the ten per cent. cut in the income tax rate the total income taxes are likely in 1927-1928 to be fully as great as in the current year. With a cut in the sales tax from five per cent. to four per cent. the collections under the head of sales tax are likely to be just as large in the year to come as they were in the year just closing.

Tax rates are going down. The tax burden remains practically the same. Ottawa is not seriously deflating its expenditures. Canada is not yet off a war basis of taxation.

It is far easier to be a minister of finance at this time when the tide of prosperity in the country is rising and revenues are increasing, than when revenues are declining, and expenditures increasing and new forms of taxation must be found, experimented with and imposed. Tax rates may be cut with a fanfare of trumpets and a flourish of figures but they do not represent a reduction in the tax burden unless they are large enough to do more than merely offset normal increases in revenues due to better business. As we have seen, the much heralded tax cuts of 1926 did not even do that, but on the other hand permitted an increase in tax revenues.

• • •

THERE will be no real tax reduction while the country remains on a war basis of expenditure; while, for instance, the department of soldiers' civil re-establishment duplicates every activity of its pensions board, and while Vetcraft shops are maintained at a cost that exceeds what would be necessary to pay a 100 per cent. pension to every returned soldier engaged in Vetcraft work; while civil government costs rise yearly; while expenditures on sandy harbors, that do not even see ferry boats, are piled up; while provision is made to give farmers' loans at government expense; while appreciative constituencies are rewarded; while the services of the deficit producing Canadian Government Merchant Marine are continued and even enlarged.

And yet, is there any real demand in Canada for reductions in governmental expenditures? From business and financial groups there is; but from the man on the street there comes little protest. Normally, the ordinary individual is more interested in increased government expenditures when some of the increase comes to his home town than he is in a general reduction all around.

• • •

THE two appointments, made by Hon. W. D. Euler, in separation of the two chief branches of the department of customs and excise, were not made without some fighting on Mr. Euler's part. Strong political pressure was brought to bear to have the post of commissioner of customs go in another direction, but Mr. Euler showed enough courage to stick to his guns and as a result his choice of R. W. Breadner, formerly commissioner of income tax, for the post, went through. Mr. Breadner is the type of man to inject business-like methods into the government service. His experience and high character will make him an arm of strength to the customs branch of the service, which has been badly in need of a good administrator.

The appointment of Mr. Taylor as commissioner of excise is in the nature of a promotion within the service, which is always to be commended. It is to be hoped that Mr. Taylor will at once take hold of the administration of sales tax collection and enforce a more uniform and less discriminatory collection of these taxes that we now have.

TRAIL SMELTER RECEIPTS

The Consolidated Mining and Smelting Co. reports ore receipts at Trail Smelter from 8th February to 14th February, 1927, inclusive, and from 1st January, 1927, to date, in tons as follows:

Company's mines	9,622	52,686
Other mines	2,819	21,062
	12,441	73,748

THE WABASSO COTTON COMPANY LIMITED

DIVIDEND No. 37 AND BONUS

Notice is hereby given that a Dividend of One Dollar per share on the Capital Stock of the Company has been declared for the quarter ending 31st March, 1927, also a bonus of Fifty Cents per share payable on the 2nd day of April, 1927, to shareholders of record as at the close of business on the 15th March, 1927.

By Order of the Board.

JAS. R. RITCHIE,
Secretary-Treasurer.

Montreal, Que., February 10th, 1927.

Tenders for County of Carleton Debentures, 1927

Sealed tenders addressed to the undersigned will be received up to 12 o'clock noon, Thursday, March 3rd, 1927, for the purchase of the following blocks of debentures bearing 5 per cent. interest, with coupons attached.

Each block to be tendered for separately, and all tenders to be **OTTAWA FUNDS.**

$65,800.00	payable in 5 equal annual instalments of principal and interest.
40,000.00	payable in 10 equal annual instalments of principal and interest.
41,740.00	payable in 20 equal annual instalments of principal and interest.

The highest or any tender not necessarily accepted.

HENRY R. WASHINGTON,
County Clerk & Treasurer,
Court House, Ottawa.

CITY OF REGINA
SASKATCHEWAN
5% Debentures
$227,675.00

Sealed Tenders marked "Tenders for Debentures" will be received in the Office of the City Commissioners, City Hall, Regina, Sask., up to Eleven o'clock, A.M., Tuesday, March 15th, 1927, for the purchase of the following 5% Sinking Fund Debentures, Regina payment and delivery:

Purpose	Amount	Term	Dated
Domestic Sewers	$ 5,600	30 years	Jan. 1st, 1927
Watermains	11,775	30 "	"
Pavement	175,000	15 "	"
Boulevards	10,300	15 "	"
Concrete Walks	25,000	15 "	"
	$227,675		

The debentures are offered subject to the passing of the Bylaws.

Alternative bids are requested:

1. On the basis of both principal and interest payable in New York, Montreal, Toronto, Winnipeg or Regina, at holder's option.
2. On basis of both principal and interest payable in Montreal, Toronto, Winnipeg or Regina, in Canadian currency only.

Tenders may be for the whole or any part of the issue.

The bonds are a direct obligation of the City at large, and are issued in coupon form with interest payable semi-annually, and principal at date of maturity.

Provision is made for the registration of principal only.

The right is reserved to reject any or all tenders.

Any further information will be furnished on application.

D. D. ROSS,
CITY TREASURER.

Oppose B.C. Electric Bill in Legislature

VICTORIA, B.C.—Strong opposition is developing in the legislature against the bill introduced in behalf of B.C. Electric Co., which would consolidate the various companies under the name of British Columbia Electric Power and Gas Co. The company henceforth would operate as a Canadian company. It is now a British company.

The argument advanced in opposition to the measure is that it would result in a big merger which might prove inimical to the public interest. President George Kidd answered this by asserting that nothing was asked for which was not just. If the opposition continues it is possible that the measure will be laid over for another year.

WANTED

a young man with Trust Company training, or

a young lawyer willing to take up Trust Company work, to take charge of an Estates Department at a Trust Company branch office in Ontario outside of Toronto. Good prospects for advancement in position and salary. Applications will be treated in confidence.

Apply giving references and stating age and past experience to

Box 520, Financial Post,
153 University Ave.,
Toronto, Ont.

Dominion Glass Company Limited

NOTICE OF DIVIDENDS

Notice is hereby given that a dividend of one and three-quarters per cent. (1¾%) has been declared on the PREFERRED STOCK of the Company for the quarter ending the 31st day of March, 1927.

Notice is also hereby given that a dividend of one and three-quarters per cent. (1¾%) has been declared on the COMMON STOCK of the Company for the quarter ending the 31st day of March, 1927.

The above Dividends are payable on Friday, the 1st day of April, 1927, to Shareholders of Record at the close of business Tuesday, the 15th day of March, 1927.

By Order of the Board.

MERVYN OFFER,
Comptroller & Secretary.

Montreal, 17th February, 1927.

Dominion Textile

Company Limited

NOTICE OF DIVIDEND

A Dividend of One Dollar and Twenty-Five Cents ($1.25) per share on the Common Stock of DOMINION TEXTILE COMPANY, Limited, has been declared for the quarter ending March 31st, 1927, payable 1st April, to shareholders of record March 15th.

By order of the Board,

JAS. H. WEBB,
Secretary-Treasurer.

Montreal, January 24th, 1927.

Dominion Textile

Company Limited

NOTICE OF DIVIDEND

A Dividend of One and Three-quarters per cent. (1¾%) on the Preferred Stock of DOMINION TEXTILE COMPANY, Limited, has been declared for the quarter ending March 31st, 1927, payable 15th April, to shareholders of record 31st March.

By order of the Board,

JAS. H. WEBB,
Secretary-Treasurer.

Montreal, January 24th, 1927.

THE SHERWIN-WILLIAMS COMPANY, OF CANADA, LIMITED

Notice is hereby given that the sixty-third quarterly dividend of one and three-quarters per cent. (1¾%), being at the rate of seven per cent. (7%) per annum, for the quarter ending February 28th, 1927, on the Preferred Stock of the Company, has been declared payable to shareholders of record the 15th day of March, 1927, and that cheques will be mailed March 31st, 1927.

Books not closed.

By order of the Board.

D. A. WHITTAKER,
Vice-Pres. and Sec'y-Treas.

Montreal, Que., February 15th, 1927.

THE SHERWIN-WILLIAMS COMPANY, OF CANADA, LIMITED

Notice is hereby given that the twenty-sixth quarterly dividend of one and a half per cent. (1½%) for the quarter ending February 28th, 1927, on the Common Stock of the Company has been declared payable to shareholders of record the 15th day of March, 1927, and that cheques will be mailed March 31st, 1927.

Books not closed.

By order of the Board.

D. A. WHITTAKER,
Vice-Pres. and Sec'y-Treas.

Montreal, Que., Feb. 15th, 1927.

CANADIAN PACIFIC RAILWAY COMPANY

Dividend Notice

At a meeting of the Board of Directors held to-day the following dividends were declared:—

On the Preference Stock, two per cent. for the half-year ended 31st December last;

On the Common Stock, two and one-half per cent. for the quarter ended 31st December last, from railway revenues and Special Income;

Both dividends are payable 1st April next to Stockholders of record at three p.m. on 1st March next.

By Order of the Board,

ERNEST ALEXANDER,
Secretary.

Montreal, 14th February, 1927.

BANK OF MONTREAL

NOTICE is hereby given that a DIVIDEND of THREE per cent. upon the paid-up Capital Stock of this Institution has been declared for the current quarter, payable on and after TUESDAY, the FIRST day of MARCH next, to Shareholders of record of 31st January, 1927.

By order of the Board.

FREDERICK WILLIAMS-TAYLOR,
General Manager.

Montreal, 21st January, 1927.

The Canadian Bank of Commerce

DIVIDEND No. 160

Notice is hereby given that a dividend of Three per cent. upon the paid-up capital stock of this Bank has been declared for the quarter ending 28th February, 1927, payable at the Bank and its Branches, on and after Tuesday, 1st March next, to shareholders of record at the close of business on the 12th day of February, 1927, the Transfer books will not be closed.

By Order of the Board,

S. H. LOGAN,
General Manager.

Toronto, 14th January, 1927.

TO IMPORTERS OF BRITISH TEXTILES

MANCHESTER FIRM desires to act as BUYING AGENTS for IMPORTERS of BRITISH TEXTILES. Long valuable experience. First class references given and required.

Address in First Instance.

BUYING AGENT,
603 Reford Bldg., Toronto

Hamilton Dairies

LIMITED

Preferred Stock Dividend No. 2

Notice is hereby given that a dividend for the current quarter at the rate of seven per cent. (7%) per annum will be paid by cheque on or after March 1st, 1927, to preferred shareholders of record at the close of business on the 21st day of February, 1927

HAMILTON DAIRIES, LTD.

ST. MAURICE VALLEY CORPORATION

Dividend Notice

Notice is hereby given that a dividend of 1¾% for the three months ending March 31st, 1927, being at the rate of 7% per annum on the paid up Preferred Stock of this Corporation, has been declared and that same will be paid on the first day of April, 1927, to shareholders of record at the close of business March 15th, 1927.

By Order of the Board,

G. WILFRED HODGSON,
Secretary and Treasurer.

Montreal, February 15, 1927.

The Bank of Nova Scotia

DIVIDEND No. 229

Notice is hereby given that a Dividend of four per cent. on the paid-up Capital Stock of this Bank has been declared for the current quarter to shareholders of record of March 16th, 1927, and that the same will be payable on and after Friday, the first day of April next, at any offices of the Bank in Canada.

By order of the Board.

J. A. McLEOD,
General Manager.

Halifax, N.S., February 15th, 1927.

SALE OF TIMBER

TENDERS WILL BE RECEIVED by the undersigned up to and including Friday, April 15th, 1927, for the right to cut the Pine Timber on Townships 4-C, 3-D, 4-D and 5-D in the Mississaga Forest Reserve, District of Algoma.

FURTHER PARTICULARS may be obtained upon application to the undersigned, or to Mr. A. H. Huckson, Crown Timber Agent, Sault Ste. Marie, Ontario.

WILLIAM FINLAYSON,
Minister of Lands and Forests.

N.B.—No unauthorized publication of this Notice will be paid for.

Toronto—Feb. 7th, 1927.

BELGO CANADIAN PAPER COMPANY, LIMITED

Dividend Notice

Notice is hereby given that the following dividends have been declared for the quarter ending 31st March, 1927:

Dividend No. 15 on the preferred stock: One and three-quarters per cent. (1¾%) payable on the 1st day of April, 1927, to shareholders of record of the 4th day of March, 1927.

Dividend No. 10 on the common stock: One and a half per cent. (1½%), payable on the eleventh day of April, 1927, to shareholders of record of the 31st day of March, 1927.

By order of the board.

G. WILFRED HODGSON,
Secretary-treasurer.

Montreal, February 10, 1927.

Canadian Mining News

THE FINANCIAL POST

Vol. XXI. PUBLICATION OFFICE: TORONTO, FEBRUARY 25, 1927 No. 8

LOWER OUTPUT OF GOLD FROM JUMP IN MINE TONNAGE

Mines Are Handling Much Ore That Was Not of Value Formerly

TON AVERAGE DOWN

January Figures For Both Camps Show Change—Hollinger Costs Much Lower

The increase in tonnage handled by Porcupine Mines, partly due to expansion and partly to new mills, has really resulted in a decline in gold production. Figures for January, 1927, show 292,484 tons handled, an increase of 13,709 tons over January, 1926, while the value of the bullion produced in January, 1927, fell $45,082 below January, 1926.

The explanation is that the large mines of the camp are handling a much lower grade ore.

As will be seen by the report published elsewhere, Dome's ore showed a decline of $1.46 per ton. This is due to decline in the discovery of high grade ore. On the other hand, Hollinger, which produces more than all the others put together, has steadily drawn on a lower grade ore as the tonnage works up. By doing this the company is steadily adding to the life of the mine. Ore which previously was not ore, having no commercial value, inasmuch as it could not be treated at a profit, is gradually becoming of value as Hollinger's tonnage moves up. This in a measure explains what was meant recently by a man close to Hollinger, when he said that it mattered little whether the reserves of the big mine were shown at $70,000,000 or $170,000,000. In other words, practically every move up in the Hollinger tonnage cuts costs and materially increases the ore reserves of the mine by making commercial the low grade deposits that show a gold content above the cost of mining and milling. The talk is that Hollinger costs will soon be down to $3, which will mean a tremendous increase in the reserves of the mine.

Porcupine's New Mills

Porcupine has a couple of new mills now producing, Ankerite and Paymaster. The mill heads of Ankerite have average between $7 and $8 while Paymaster is naturally a low grade operation and plans to make a profit on ore that has no commercial value to the other mines, averaging as it does around $3 per ton.

The decline in Porcupine mill heads is indicated in the following table taken from the monthly report of the Ontario Department of Mines:

	Tons	Value	Per-Ton
January—			
1926	269,325	$1,946,563	$7.30
1927	292,484	1,926,908	6.58
Year—			
1926	3,186,907	23,982,506	7.52
1925	3,016,178	24,887,507	8.24

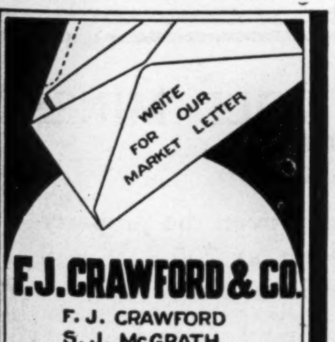
The following table from The Financial Post Survey of Mines, shows the drop in Hollinger mill heads and costs per ton as production moves up:

	Recovery Per Ton	Cost Per Ton
1923	7.60	4.85
1924	8.30	4.46
1925	8.20	4.05

Kirkland Also Down

Kirkland Lake on its January showing had a severe decline in the average content of its ore and a material tonnage increase. In fact the tonnage jump was greater than Porcupine, Jan., 1927, was 50,696 and Jan., 1926, 34,167, an increase of 16,500 tons, while the value of bullion extracted was only $25,000 higher. The following table gives the figures. It will be seen that the average per ton was $5 lower in January than a year ago. Undoubtedly Tough-Oakes Burnside and Kirkland Gold are factors here, while the fact that Teck Hughes old mill is treating the lower grade ore from upper levels is also a factor. On the other hand Wright Hargreaves heads are higher and it is likely that when the new Teck Hughes mill gets running the mill heads will be higher and make the showing of the camp

(Continued on page 20)


WRITE FOR OUR MARKET LETTER

F. J. CRAWFORD & CO.
F. J. CRAWFORD
S. J. McGRATH
MEMBERS STANDARD STOCK AND MINING EXCHANGE
STOCK BROKERS
10 JORDAN STREET
TORONTO, CANADA
Cable Address "Service"
PERSONAL SERVICE

Old St. Anthony to Operate Again

Shares of Old St. Anthony mines have appeared on the stock exchange. This property has been dormant many years. About a year ago a group of New Yorkers decided to take hold and try and clear up the affairs of the property which is known to have a considerable ore reserve. It was quite a task and the appearance of the shares on the market would indicate that the affairs are again in good standing and in the spring mining operations will likely be resumed.

DOME PICTURE DOES NOT LOOK VERY TERRIBLE

Failure to Find Old Time Rich Ore is Evidently the Trouble

Dome's report does not present the awful picture of despair and distress, such as the public has been led to expect. Net revenue before depreciation and taking care of the Howey expenditure was $1,875,801, a decline from $2,173,547, which meant that the operation fell $31,000 short of earning the dividend. The Howey cost and depreciation provision added $556,000.

Gross earnings fell $420 000 below 1925. The tonnage treated was considerably higher, but the average content of the ore was off from $8.55 to $7.09. Costs were down from $4.46 per ton to $4.16, so that the difference per ton was 16c. a ton loss as compared with 1925. Other income was $75,000 higher, however, while tax provision was also down. Dividends remained the same, while the dividend assurance fund, though drawn on this year, is really $46,000 greater than a year ago, due undoubtedly from profitable investments. One dividend due Jan. 20, $476 667, was to be met. Pres. Boche pointed out that current assets over current liabilities, including the dividend and the dividend assurance fund, stand at $3,234,179.

Mr. DePencier, the general manager, outlines in the usual detail the exploratory efforts he put forth during the year and the results met with. In reading over the facts relating to this mass of stopes, drifts and drill holes, one is struck by the innumerable instances in which he mentions $6 to $7 ore and the few instances in which he tells of high values that compare with the hey-day of Dome. He says in conclusion:

> As anticipated in last year's report, the development work has failed to open up a tonnage of ore nearly equal to that milled during 1926, and the indications do not leave us much hope that the coming year will see any improvement in this respect, unless the development campaign discloses larger ore bodies than those that have been found during the past couple of years.
>
> The broken ore in the stopes has been reduced somewhat and now stands at 575,000 tons. This will undoubtedly be further drawn on during 1927.
>
> While it is impossible to measure the ore remaining unbroken in most places, it is believed that two years' ore, at the present rate of crushing, remains; this includes the broken ore.

Broken ore, he says, stands at $575 000 tons. The last report showed 620.000 tons. Some of the figures given of various stopes follow:

Level	Stope	Tons	Value Per Ton
3rd	.....	15,000	$ 7.56
6th	Main	74,000	5. 61
6	East	18,000	5.15
8	Main	21,400	9.63
8	.....	4,000	8.44
9	914	6,000	6.64
9	918	24,000	10.16
9	926	13,000	6.34
10	1034	11,000	5.93
10	1022	43,700	6.49
10	1020	12,000	....
11	Main	29,800	7.26
11	1102	38,000	10.14
11	1130	43,800	7.56
12	1230	7,800	6.68
12	1209	42.900	6.58
12	1227	2,800	4.10
13	1302	16,000	5.41
13	1316	1,700	7.24
13	1320	4,800	6.85
14	1405	16,800	6.24
15	1506-7-8	8,400	6.28

In describing deeper level work recently carried on, Mr. DePencier indicates new ore that shows a better gold content.

A drill hole from 16th level showed a 35-ft. intersection between the 17

(Continued on page 19)

IRON ORES OF BRITISH COLUMBIA

A report on the iron ores of British Columbia and Yukon has just been published by the Geological Survey of Canada. It presents the results of investigations by Dr. G. A. Young in 1922 and 1923, and by Dr. W. Y. Uglow in 1924. It contains descriptions of the ore deposits, their mode of occurrence and the character of the test work done. The economic possibilities of the individual deposits are discussed and estimates of the available tonnage are made in so far as exposures and development work render this possible. Copies of the report may be had on application to the Director, Geological Survey, Ottawa, or 510 Winch Building, Vancouver.

TECK OPENS ORE ON 16 LEVEL

Teck-Hughes is reported to have opened up one of its ore bodies on the 16th level and it shows $16-ft of $27 ore.

Too Much Apologizing for Mining Industry

Leaders Weaken its Position by Constantly Harping on its Dangers—Other Branches of Industry Do Not Do This, Why Should Mining Men?

Are the Leaders of the Mining Industry Too Apologetic?

You find them on every hand telling the public that mining is speculative. Some will say highly speculative, and that only those who can afford to lose should go into it. Leaders of other branches of industry do not so stress the hazards which one faces in buying their securities. Yet numerous issues are marketed that are as speculative or risky. The attitude of the leaders of the industry and the built-up attitude of the public to mine speculation, has undoubtedly weakened the position of mining.

The public has been educated, mostly by the brokers, to play the mine shares for quick profits. The fact that they hear leaders of the industry constantly talking about its hazards puts them in a fair state of mind to do the brokers' urging. Yet the big profits in Northern Ontario mines have come to those that bought shares in ventures prior to their reaching the producing stage and held on. Playing the market for quick turns, that is speculating, is the brokers' game and experience shows that the public has little chance to profit. Yet when a loss is sustained, the mining industry is blamed, though little of the funds they put up ever go into an actual mining effort. The big risk in mining is trying to play the market.

Much Different With Pulp and Paper People

How different is the situation in that other natural resources industry, pulp and paper. You don't hear the leaders of the pulp and paper industry warning the public about the hazards of their concerns; the dangers of overproduction; of the marketing cost whereas the gold mines have none; of the bush fire hazard that might wipe out their supply of raw material. Neither do you hear the mining leaders telling the public that their raw material, once found, can only be dissipated in one way, by mining. One has the suspicion that the attitude of the mining leaders has been adopted to counteract the wild claims of the wildcat promoter, but the fact remains the mining industry is making rapid strides in winning over public confidence, and one is almost tempted to say, in spite of the leaders in the industry.

Investment of $500,000 in Better Mine Shares Earned 15% in 5 Mos.

Show Material Increase in Market Valuation Along With Dividend Payments and Only One Temporary Loss—List Has Still Great Possibilities.

Many speculators in mine shares go on the assumption that to make substantial profit they must confine their activities to penny stocks. The risk is great and the chances of tremendous profits small. On the other hand, the better class of mining stocks give indications of almost sure profits of a substantial nature, as well as giving a limited dividend yield, if purchased for a hold. The writer came across a rather interesting example of this recently. The Canadian National Railways had a request from England for suggestions in regard the placing of $500,000 in the best mining stocks. The letter was turned over to Cyril Young, of the development branch, and he made certain recommendations. It is not known whether or not his suggestions were acted upon, but if they were, the table appended below tells the result. There was one loss in the list, seven gains for a total net profit from market appreciation of $71,159 plus $4,373 in dividends paid to Jan. 31, or a total profit of $75,532, or 15 per cent. in five months' time, and there are still tremendous possibilities in the list.

Stock	An investment October 1926 of	at a price per share of	Would at the present price Level of:	Show a gain in value of	The 1925 Dividend rate was %	—earning for the period Oct.—Jan. 31	The 1927 Dividend rate is expected to be
Hollinger	$100,000	$19.00	$22.50	$18,421	26%	$1,500	26%
McIntyre	50,000	24.00	26.00	4,166	20%	531	x...
Lake Shore	50,000	14.00	17.90	13,926	50%	531	80%
Wright Hargreaves ..	50,000	8.60	10.60	11,765	32%	437	40%
International Nickel ..	50,000	36.00	40.00	5,552	8%	687	8%
Nipissing	25,000	5.50	9.15	16,589	12%	687	12%
Noranda	125,000	20.00	21.00	6,250	....	...	....
Coniagas	50,000	4.50	4.00	5,500 Loss	none		
Total investment......	500,000		Net increase of	71,159 in value		$4,373 earned in dividends.	

xIncrease likely.

Harvie Drift 29 ft. in Ore

Tremendous Width for Mineralized Zone Indicated in Work to Date

Good news of an important nature is to be expected from the Harvie Mining Operation in Clericy Tp., Quebec.

Dr. Harvie started a prospect drift on the 45-ft. level to cut an excellent surface showing. When in 26-ft they cut into the hanging wall of a brecciated zone. It dipped 69 degrees. They followed it in commercial ore to 55-ft. or to a point directly opposite the surface trench. Here the face was in solid metallics, chalcopyrite and zinc. It was decided then to drive over to cut under the trench, a distance of 37-ft. This is now going on. The trench showed 14-ft. of commercial ore at a depth of 6-ft. The expectation is that the drive to and under the trench will all be in ore. While this work is on the Archean property, it is but 400-ft. from the boundary of the Harvie Mining group and onto which the body has been traced by trenching.

The dip of the hanging wall indicates a wide mineralized zone. News of the completion of this prospecting effort will be awaited with much interest. It makes the operation stand out as one of the most promising in the Rouyn area.

ENLARGE W.-HARGREAVES MILL

Wright-Hargreaves mill will be enlarged to handle above 700 tons daily, the increase to be 200 or 300 tons daily. Details will be worked out when Pres. O. Cabana Jr. and Vice-pres. E. Lang Miller visit the property this week. It is believed that the stock will soon be placed on a 40 per cent. dividend basis. The new hoist is now on the way.

ANOTHER GIBSON OFFICE

Homer L. Gibson Co. have opened a fourth office, Belleville being the location.

Will One Discovery Restore Confidence?

Was the public right when it bought the numerous Quebec stocks at levels 50 per cent. higher than they are to-day. If so one wonders why they are not buying them now when they are selling at new low levels.

Brokers say that the public is waiting for some definite information on some new discovery before it will come back into the market. They believe that success in diamond drilling on any of the leading groups will prove the looked for bullish factor.

This would mean that on the results from one diamond drill hole the public would add millions of dollars to the valuation of the mines, many of which are bound to be miles and miles removed from the point where the discovery is made.

Grover Daley Annual Adds New Directors

Grover Daley Mines annual meeting reelected the old board consisting of W. T. Mason, president; H. J. Stewart, vice-president and managing director; Dr. E. D. Lewis, E. A. Robertson and J. T. Smith, and made two new additions to the board, T. W. Anderson, manager of the Montreal office of Stobie, Forlong & Co., Limited, and T. H. Flett, formerly of R. G. Dun & Co.

President Mason stated that the company had in the treasury over $80,000 in cash and options outstanding on further trustee shares that would shortly place the company in an even stronger financial position. Mr. Mason further announced that all camps to accommodate sufficient working force have been completed and are ready for occupation. Active prospecting and development are now under way.

ABITIBI ORDERS PLANT

Abitibi Mines, Lightning River, has ordered a mining plant and will open up the property in the spring.

Central Man. Shares Get Fine Reception

Central Manitoba mine shares made their appearance on the market during the week and received an excellent reception. The final clearing up of the allotment of the shares, went over with a rush. It became known at the last minute that some of the leading financiers were taking up blocks and this brought in many others. The company is making good progress in getting in its mill equipment.

OPTIMISTIC NOTE AS TO KIRKLAND GOLD'S OUTLOOK

J. B. Tyrrell Tells of Work to Date — Company's Position Favorable

Kirkland Lake Gold mines in the last three months of 1926 produced $126,999 or an average of $42,333, while January production was $53,500. The report shows a fair position for the enterprise, but it is understood that events since the turn of the year have been much better and the outlook of decided promise. This should make for an interesting address from Managing-director J. B. Tyrrell at the annual meeting on March 2.

Pres. D. B. Hanna, in his remarks on the year states:

> The shaft having been sunk to a depth of 2,350 feet, six levels have been run and rich ore discovered in every level. The mill has been in operation since Oct. 1, 1926, and total gold production to the end of December amounted to $126,999. During the month of January, 1927, gold was produced to the amount of $63,500, which the directors consider is a remarkable achievement and a substantial realization of Mr. Tyrrell's early and definite predictions. Having the utmost confidence in his recommendation, Mr. Hanna says: "In view of the results of development undertaken to date, your directors have authorized sinking to deeper levels, and the work is now proceeding."

Expenditure for exploration and development of the property, including administration expenses, amounted to $209,985, and after crediting bullion sales and other receipts to the amount of $138,116, the net cost for the year is reduced to $71,869. Net working capital at the close of the year amounts to $150,647, which has been substantially added to by the gold production for January.

J. B. Tyrrell's report details the work carried out to date. He strikes an optimistic tone by declaring that he is confident that at no distant date the company's property will develop into one of the rich producing mines of the province. He says:

> Cross-cuts have been driven southward on the 2,100, 2,225 and 2,350-foot levels to the main break, which continues to dip southward at an angle of about 85 degrees, and from these cross-cuts and from those above them, drifting was prosecuted eastward toward the eastern boundary of the property, while on the lower two levels drifting was prosecuted westward as well as eastward. Ore, often of very high grade, was encountered on all these levels, most of that on the lower levels being west of the cross-cuts from the shaft. All the evidence at hand, says Mr. Tyrrell, points to the conclusion that in this section, especially, the ore already developed is the top of an ore body of very substantial proportions, the main body of which will be made accessible as the deeper levels are reached and opened.
>
> In regard to the Chaput-Hughes, a total of 1,585 feet of cross-cutting and drifting has been done.
>
> During the year ore raised from the various levels has amounted to 12,743 tons. The tonnage milled in the three months was 10,829 tons from which gold to the value of $126,999 was obtained. Mr. Tyrrell also states that the band of syenite, which had become quite narrow at a depth of 1,300 feet, suddenly expanded to 160 feet in width at a depth of 1,900 feet, and from there downward continues to expand until at 2,350 feet it is at least 220 feet wide, with the north

(Continued on page 20)

NEW SILVER HUNT IN COBALT CAMP GIVES MOMENTUM

Expansion of Operations Taking Place Over a Wide Area

SOME GOOD SHOWINGS

Noranda, O'Brien, Harvie, Keora, Peterson Cobalt, Lucky Tiger and Victory Are in Field

An intensive search for new ore bodies is going on in the Cobalt district. The number of new operations under way is perhaps the greatest since the boom days of the camp. Companies figuring in the new movement are, Lucky Tiger of Mexico, Noranda operating Red Jacket, South Keora, Harvie Mining, O'Brien, Victory Silver and Peterson Cobalt.

These new developments have, with one exception, taken place during the past year. Victory Silver, which is operating the old Hyland group, near the Temiskaming, has been going for over a year but only recently met with a fair measure of success.

It is just about a year ago that the Lucky Tiger people took up some ground near the Crown Reserve and worked for a time. Later they took over another group in Gillies Limit.

Noranda Active

Red Jacket is just south of Cobalt and it is understood that this Noranda operation which is in change of Walter Segsworth, M.E., who had a wide Cobalt experience, is making excellent progress.

The O'Brien people took up a tremendously large acreage east of Cross Lake in the Cobalt camp. It is believed that the company has secured some valuable information from its work in the diabase and that this resulted in the taking up of much ground. It is understood that for a couple of years diamond drilling was done and then all work ceased. Some time later it became known that the company was acquiring claims, but not before a very substantial acreage was held. It is believed that the acquisition of holdings is still going on.

Harvie at Kerr Lake

The entrance of the Harvie people into the camp is in a way due to securing information that there were possibilities in sections with formation similar to that which the O'Brien people are taking up. This company has taken up Silver Leaf and Imperial Crown groups in the Kerr Lake section and are dewatering the Silver Leaf 500-ft. shaft. Harry Stewart, former Crown Reserve manager, will be in charge of the work. Crown Reserve had Silver Leaf under option for a time and ran a crosscut from its workings into Silver Leaf on the 300-ft. level. Some high grade ore was encountered but before it was fully exploited the lease was dropped. It is believed that there are a couple of excellent silver showings in the mine and also some excellent looking veins in adjacent virgin mining territory and these will be explored by the Harvie Co. The work will be launched on the 500-ft. level to explore the section immediately north of the Kerr Lake holdings. It is understood that extensions of Crown Reserve veins run into the property.

Some very rich ore has been sent

(Continued on page 20)

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NEW LOW LEVELS RECORDED BY MOST SMALL MINE STOCKS

Lack of Buying Creates Ideal Situation for Bear Raids

The market in majority of the small mine shares is decidedly sick. During the past week prices have been hammered down to new low levels. There is no buying and the professional bears are having things their own way.

The margin accounts are paying the piper. Calls for additional margin are being made and this is undoubtedly providing brokers with a great deal of selling. Some brokers state that there has been a good deal of washing of sales during the week and this, if so, would indicate that the brokers are cleaning up their books.

It is difficult to sympathize very much with the public that buys such stocks on margin. They are gambling. If they are lucky to get in on a rising market then they profit. If they are in the present market, a weak declining one, an ideal situation for bear raids, then they must take their losses. A great many of these low priced stocks reached levels unjustified by the position of the company so that it seemed inevitable that there should be severe reactions when public enthusiasm had spent itself. Margin accounts in such stocks create a made to order situation for raids. The first break is always the hardest. Once achieved, the forced selling from weakly margined accounts carries on the work for them. They sit back and take the profits.

It is believed that this is the situation to-day. When these accounts have been adjusted, the market will likely hang around that level until some new magnet appears to draw the public back in.

The decline has not been confined to the Quebec issues, although practically every listed issue in that area has felt the pressure that has been exerted. A good many of the Ontario issues, with the exception of the leading producers, have also had their reactions.

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Electrical Survey Now Facing Testing Time With Public in Rouyn

Mining Companies Have Not Lost Confidence Judging by New Contracts

IGNORE AREA CASE

It Weakened Public Confidence, But Fair Test Should be Given Method

While there seems to be a feeling abroad that the public has lost confidence in the electrical survey as a means of finding ore bodies, this is certainly not the case with the mining companies. Swedish American Co. has four outfits operating in Rouyn, Quebec, and Sherwin F. Kelly one. The Swedish American is booked ahead for considerable time.

The Area-Amulet fiasco is what is said to have weakened public confidence. This is hardly a fair test. It cannot be said that the survey has failed, for though, insofar as diamond drilling results are known, nothing tangible has been cut, this is not an established or an admitted fact. The air of secrecy, the lack of an official statement one way or another, leaves a situation that cannot help but reflect on the survey results. Yet insofar as drill results are nonconclusive, unfavorable though they may have been, an official statement to this effect might only reach the public at the moment that tangible results were met with. Then there would be the usual hub-bub about fooling or double crossing the public, etc.

Several Others Completed

In judging the electrical survey, it would seem that the public must forget the Area-Amulet situation for the time being, if not altogether. There have been several surveys since, Duprat, Osisko, Don Rouyn and others. No official word has been forthcoming as to the results on these properties, the companies, quite rightly, taking the position that because of the Area-Amulet experience, they should diamond drill before any results were announced.

Three very important surveys are now going on, Laval, Quebec, and Nipissing by the Swedish American and Boischatel by the Schulmberger controlled by Mr. Kelly. The result of these surveys should be closely watched. It would seem that the success of the survey in the Quebec field could be fairly judged by the results achieved on these properties, although it is reported that some difficulty has been met with on the Laval operation because of the closeness of another survey being conducted simultaneously close by. The Boischatel survey by one method and the Nipissing by the other, are both free of any excuses. They are proceeding unmolested and there are well founded reports in the camp that what have come to be called "kicks" when favorable readings have been met with, have been of an attractive nature.

Laval is Drilling

Laval has already started drilling on Pelletier Lake to test out results of the survey. This drilling is being done on the ice, and while nothing official has been given out, the writer learned while in the Rouyn camp, that favorable news was expected by the management.

Nipissing has been diamond drilling and it is understood that the survey indicates new widths and lengths of ore bodies, though the work Nipissing previously accomplished in trenching and drilling, had by no means indicated the full extent of the ore. However the overburden was so heavy, that it was thought that time and money would be saved by the survey.

Electrical surveys are already credited with successes in Newfoundland, at Britannia mine in British Columbia and in finding an ore body on Noranda.

Survey for Group Adjoining Towagmac

It is understood that Andean Copper has had two offers for its group of claims adjoining Towagmac in Boischatel Tp. Jos. Houston, M.E., has just mapped out a programme of work for the company. This includes an electrical survey and diamond drilling. It is rather interesting that the rich ore on the adjoining Towagmac was found with a dip needle and diamond drilling.

Now Becoming Valuable, Says This Engineer

Electrical Survey Yet Incomplete, Says New York Electrical Authority

"Incomplete and partly based on misconceptions," is the opinion expressed on electrical prospecting methods employed in N. W. Quebec, by Theodor Zuschlag, electrical engineer, in a recent issue of Engineering and Mining Journal. His opening remarks are:

"Recent development in mining activities in eastern Canada has reawakened the interest in electric prospecting. This is the art of exploring electric or magnetic groundfields and translating the accumulated data of such explorations into geological predictions. Before going into the details of the principle of electric prospecting, it is well to mention that the following is written not from the viewpoint of the mining engineer but from that of an electrical engineer. This statement is necessary, because the methods of electric prospecting, as advanced and accepted during recent years, as herein proven incomplete and partly based upon misconceptions.

Scientific prospecting by geophysical exploration has been developed rapidly during the last few years. It is based upon the fact that geological changes in the structure of the ground are usually accompanied by variations of physical constants and that these variations can be located by suitable physical measuring devices and methods.

Mr. Zuschlag then proceeds with a technical discussion of the methods employed, contending that until recently most of the apparatus and methods used for the exploration of alternating fields were based upon the simple laws of direct fields and were not adapted to the more complicated conditions in alternating fields. A direct field he describes as one in which an electric current flow is in one direction only and where there is a change in direction, he terms alternating. He concludes with the opinion that electric prospecting is now becoming a valuable adjunct to the mining industry, even in many of those areas where its application has hitherto been impossible.

SECTION NORTH OF NORANDA IS SCENE OF MUCH ACTIVITY

Great Deal of Surface Work and Diamond Drilling Going on

One of the most active sections of the Rouyn camp is that in the vicinity of the four township corners, N.W. of the town of Rouyn. It is about a seven mile drive to this district, and going via the new Macimic road one crosses several properties.

Leaving Noranda behind, the first active property is the Brownlee. This has been carried on to date by Mr. Brownlee, of Buffalo, as a private operation, until he has reached the point where he has practically a proven property. The electrical survey was employed, and diamond drilling which followed has indicated what may be the extension of the Noranda ore zone north.

Then for a good distance there is little activity until the fine camps of Area, located under a large hill, are reached. They are diamond drilling.

From Area the trail passes into Grover Daley, where excellent camps were just nearing completion. Exploration will soon start.

Vickers, the next group, has fine camps and has accomplished a great deal of surface work, and is ready for diamond drilling.

Ribago, next to the west, had a drill set up quite close to the Thormoor eastern boundary. The hole is to be drilled at an angle of 35 degrees, and from a surface view the first hole is bound to cut the best surface showing on the group. Considerable trenching has been done. Manager Cook is blessed with perhaps the most ornate set of camps in the area.

Much Surface Trenching

Thormoor has good camps, and in three months has accomplished a great amount of surface work. It has fine showings.

Stadacona is getting busy on its group adjoining.

To the north, just over the township line, Corona has done considerable surface work, and is now awaiting the electrical survey and diamond drilling. North of it is the group which Consolidated Smelters dropped and which McDougall Cossets took up. They also have the group lying between this block and Amulet on the east. The latter is idle, as is also Waite-Montgomery. The railway is being pushed into Waite, and steam shovels will start clearing the surface in the spring.

Duprat, on the west, is diamond drilling. They are hunting for the extension of the Waite ore body to the west. Because of the geology and the extension westward of a large dyke from th Waite. it is said that there are excellent chances of the drill cutting something.

ABANA LITIGATION NOW DISPOSED OF

Adjourned Annual Meeting Now Likely to Clear Up Situation

The courts have made permanent the injunction restraining Abana Mines directors from proceeding with the reorganizing and refinancing of the company. Mr. Justice Walsh, of the Superior Court, in granting the injunction petition, said:

"The action of the directors who proposed to submit to shareholders (even with good faith apparent), a resolution which would, if passed, have the effect of controlling and disposing of shares, as well as suppressing the inherent right of new shares to vote (during a more or less lengthy period), against the consent and wishes of certain shareholders, was ultra vires of the directors and of the company. The resolution, concerning which the present action was instituted, is ultra vires."

The annual meeting of the company was started last Saturday, but after a lengthy session was adjourned a week. It is expected that the final meeting will see the affairs of the company straightened out, and the way paved for the resumption of mining operations on this promising property located north of the Transcontinental, in Quebec.

The litigation which is now disposed of arose from difficulties between the present board of directors and the Canadian Exploration Company, the original owners of the property before its transfer to Abana Mines, Limited.

In September last, Pres. J. C. Lamothe and his board formulated a re-organization plan, which was designed to assure the capital necessary for development work. It reduced materially the number of shares outstanding. This was one of the chief causes of the litigation. One of the actions aimed to prevent the directors from submitting the plan to the shareholders. This involved the formation of a new company to which it was proposed to transfer the assets, at the same time providing additional treasury stock, as well as the organization of a new stock vending company.

Opposition to this plan was maintained by the courts, but three other judgments were favorable to the present board. One of these refused the demand that the Canadian Exploration Company be declared the owners of the treasury shares, which were transferred to the Sun Trust Company in trust for the benefit of the company. Equally unsuccessful was the action taken by George R. Williams, partner of Joseph Brochu, president of the Canadian Exploration Company, which sought to prevent the president of Abana Mines from voting these shares. Finally another action to meet with adverse judgment was that of the Canadian Exploration Company, and its president, Joseph Brochu, which demanded the cancellation of the transfer of 2,000,000 shares in November, 1925, by Canadian Exploration, Limited, in favor of the Sun Trust Company, in trust for Abana Mines, Limited, and that these shares be returned to Canadian Exploration, Limited.

When opposition to the official plan developed the Abana board declared itself ready to accept any other plan which would assure provision of the necessary finances for the company, but this brought no results other than the legal proceedings, in which judgments have been rendered as above, thus creating somewhat of a deadlock which it is anticipated will be broken at the meeting Saturday.

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Wright-Hargreaves Ore Shows Higher Values Below 1,000-ft. Level

Station Cut at 1,375-Foot Level Revealed 17-Ft. of $15 Ore—Company's Surplus Stands at 37 Cents Per Share

Close study of the interesting Wright Hargraves report, recently issued, throws some interesting light on the expansion of that operation. One can note all through the figures, signs of little economies here and there which resulted in a greater profit per ton being added to the credit side of the ledger, in addition to the mining of richer ore.

The table of costs covering three years, shows this. The recent report shows higher costs in stoping and milling. The reason for the higher stoping charges is indicated by James Grant, general manager in his report. He states that the year's operations embraced a stoping campaign in upper and intermediate levels on both veins. The same with the milling charges. Mr. Grant explains that mill additions were made to bring about finer graining and better extraction. Another factor was research to get a better recovery from the tellurides. Mr. Grant tells of the deeper development which has opened out ore of greater value and ore shoots of greater length on the 1,125, 1,250 and 1,375 levels than was the case on the 1,000-ft. level. He remarks that the station at the 1,375-ft. level showed 17-ft. of $15 ore. The year's work, he said, put in sight more values than have been shown heretofore as well as having proven the mine down to 1,500-ft. The costs table follows:

Operating Costs

	1926		1925		1924	
	Total	Per Ton	Total	Per Ton	Total	Per Ton
Devel. and exploration	$107,307	$ .70	$111,371	$ .753	$ 82,345	$ .975
Stoping	232,532	1.516	196,141	1.326	144,525	1.711
Hoisting	109,973	.717	93,357	.631	47,704	.565
Milling	184,382	1.200	171,488	1.159	121,342	1.436
Marketing	13,973	.091	14,486	.098	8,488	.100
General	82,521	.538	74,667	.504	62,125	.735
Depreciation	88,709	.579	79,421	.537	68,520	.811
	$819,397	$5.341	$740,931	$5.008	$535,050	$6.333

On the financial side, the company's position looks interesting, as will be seen from the appended table. Surplus stands at better than 37 cents per share after the company has made generous provision for depreciation, mine exhaustion and written off all pre-development cost. The working position is excellent. Besides a material increase in production for the year, it is to be noted also that there was quite an advance in other income. The figures:

Profit and Loss	1926	1925	1924	1923	1922
	$	$	$	$	$
Bullion produced	2,150,844	1,913,401	1,088,725	754,978	762,752
Other income	61,299	37,174	26,838	9,958	16,793
Total income	2,212.143	1,950,575	1,115,563	774,936	779,545
Costs	819,397	740,931	535,049	470,033	418,122
Net profit	1,392,746	1,209,644	580,514	304,903	361,423
Less mine exhaustion	114,000	114,725	....	....	....
Dividends	618,750	687,500	343,750	137,500	481,250
Taxes	100,036	95,000	44,627	24,236	23,418
Pre-development	......	30,242	76,038	94,554	36,409
Total	832,786	927,467	464,415	256,290	541,068
Balance forward	559,960	172,635	55,038	6,423	*179,645
Brought forward	458,515	282,177	116,099	48,613	186,068
Taxes	7,347	3,702	1,497	......	......
	1,025,822	458,514	172,634	55,036	6,423
Shares issued	2,750,000	2,750,000	2,750,000	2,750,000	2,750,000
*Deficit.					
Capital Account					
Current assets	1,730,108	1,363,613	710,753	373,287	274,125
Current liabilities	142,413	402,642	213,306	54,440	108,414
Working capital	1,587,695	960,971	497,447	318,847	165,711
Mining properties	1,271,275	1,385,275	1,500,000	1,500,000	1,500,000
Plant equipment	707,421	564,128	517,858	434,376	402,985
Less depreciation	335,571	246,862	167,916	99,469	58,111
		317,266	349,942	334,907	344,874
Pre-development cost	269,682	269,682	269,682	269,682	269,682
Written off	269,682	269,682	239,439	163,401	68,847
		......	30,243	106,281	200,835

Costs		Dec. 31, 1925 Total	1924 Total	1923 Total	1922 Total
Mining	339,839	307,512	226,870	197,730	178,933
Hoisting and Milling	294,354	264,845	169,047	167,543	138,124
Marketing and General	96,495	89,153	70,613	63,334	62,708
Depreciation	88,709	79,421	68,520	41,425	38,358
	819,367	740,931	535,050	470,032	418,122

Year	Production Tons	Ounces	Value	Per Ton
x1913	3	42.77	1,126	....
1921	36,081	....	468,666	13.00
1922	66,181	36,748.81	762,753	11.52
1923	79,242	36,369.82	754,978	9.52
1924	84,487	52,464.78	1,088,725	12.89
1925	147,939	92,286.00	1,913,402	12.93
1926	153,392	....	2,150,844	14 02

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HAVE BETTER ORE

C. N. R. Official Says That Sintered Product Makes Better Furnace Burden

From Our Own Correspondent

FORT WILLIAM.—At a meeting of the North-Western Ontario Chamber of Mines at which the future development of Canada's iron ore was seriously viewed from every angle due to the fact that 100 per cent. of the ore going in Canadian furnaces and steel plants is foreign ore, Cyril T. Young, superintendent of development in Eastern Canada for the Canadian National Railways, when stating that the provincial governments in Ontario and Quebec were on the right track in aiding the mining of iron ore by half a cent per unit, believed that public opinion would warrant them in doubling this amount because it was unquestionably clear vision and statesmanship to do so.

Mr. Young, who exhibited a thorough grasp of the subject, and whose address on resources development in the north country was brim full of facts and figures, stated that Canada as a whole should go further in the matter. In the past twenty-five years Canada has paid nineteen millions of dollars in bonuses to the steel plants in Canada to put them on their feet and while admittedly, they may have overbuilt the steel rail end of their business at the Soo and Sydney expecting like other Canadians that Canada would have a constant extension program, yet if further subvention or aid were necessary, part of same might well consist of substantial assistance based on the use of the beneficiated or sintered ore which will be mined due to the bounties granted by the various provinces.

Aid Provinces

It will be appreciated, Mr. Young stated, that the provinces would have the benefit resulting from the mining of the ore, which bonused ore might be shipped entirely to American furnaces. What Canada as a whole should therefore consider, is that we imported 1,400,000 tons of iron ore last year for our steel plants and it should be made remunerative to those plants to use the ore which would be mined on account of the incentive of the provincial bounties.

Mr. Young, who is evidently no stranger to the steel plants both in Canada and the United States, stated that the beneficiated or sintered magnetites have little or no flue problem in the blast furnace smelter, now so common on account of more fine ores being used than the former heavier old range ore and that these fines caused an irregular working furnace which hangs and slips, producing a poorer grade of pig iron. He stated there was no doubt but that this irregular operation would be found to be largely eliminated when uniform sintered ore constitutes the charge and makes possible a volume of stock in the furnace offering a more uniform resistance to the passage of the blast and reducing gases than the fine lake ores and that the feeling is gaining ground at the smelters toward the use of a high grade sintered magnetite.

Merits Assistance

He felt that not only the financial burden of the war was clearing as evidenced by yearly budgets but that the general public were getting away from their low visibility in seeing the future possibilities of the Canadian National Railways, and that building up of an iron and steel industry basically by increasing the use of our own iron ore yearly should soon claim and merit Dominion co-operation. He rightly stated that a policy of the development of our iron lands north of Lake Superior would do more to bridge the long gap between east and west than anything else he knew of. That it was development all across the north country and not talking platitudes which was bridging that long gap. That the National Railways would benefit from the traffic which would accrue from this iron ore development due to the fact that the main deposits everywhere east of the prairies were on the National lines. That they are heavy purchasers of iron and of steel rails and equipment, and it was sound economics for the railway to be vitally interested in building up traffic and building up Canada. He further felt that seeing the National Railways were publicly owned that any Dominion aid which must eventually come to the iron ore industry in Canada would, therefore, be repaid again to the people of Canada beyond any doubt or question.

He suggested the advisability of a brief "Dominion report" to which would be appended the admirable report of the Ontario Iron Ore Commission, the Bureau of Mines of Quebec and British Columbia. All these provinces having already passed enabling legislation.

Corona to Concentrate On Group Adjoining Nipissing in Montbray

Corona mines shareholders were told at the annual meeting in Quebec City, recently, that an electrical survey of their properties would start some time between March 15 and April 1. This electrical survey was to be followed immediately by a diamond drilling campaign and, in connection with these big development operations, it was stated that the treasury had sufficient funds for this work and the other developments planned.

In the superintendent's report the find on the Dasserat holdings of the company, which adjoins the Nipissing's Montbray holdings, appears to be more important than was at first believed. It appears that the mineralized zone has been traced onto the Nipissing properties and, as a result, the company proposes to concentrate a great deal of its efforts on this part of their properties.

ANYOX SETS NEW MARK

The copper producing plant at Anyox, B. C., one of the largest in the British Empire, not only increased its output considerably last year but substantially reduced its operating costs. During the first nine months of 1926 Anyox produced 29,291,890 pounds of copper, besides gold and silver—an output in excess of any previous year.

DOME PICTURE NOT SO TERRIBLE

(Continued from page 17)

and 18 of $13.11 average, and a second of 13-ft. of $44.02 at the 18th level. On the 17th he shows, 20-ft. shoot, $9.04; 44-ft. $10.27.

The figures for the year with previous years for comparisons:

	1926 $	1925 $	1924 $	1923 $	1922 $	1921 $
Gross earnings	3,940,090	4,366,026	4,307,720	4,278,936	2,809,452	1,946,403
Operating expenses	2,315,800	2,368,611	2,361,610	1,515,411	1,640,845	1,239,509
Net earnings	1,624,290	1,997,415	2,151,092	2,763,495	1,168,607	706,894
Other revenue	251,511	176,132	204,982	182,459	138,668	247,356
	1,875,801	2,173,547	2,356,074	2,945,954	1,307,275	954,250
Development	** 113,417	40,976	33,936	519,096	336,801	368,520
Depreciation	442,798	439,604	431,035	549,488	249,084	241,838
Dividends	1,906,668	1,906,668	1,906,668	953,334	476,667	438,333
Tax reserve	......	120,538	......	......	......	41,413
	* 587,082	*334,239	*15,565	924,036	234,721	*135,854

*Deficit.

ASSETS

	1926	1925	1924	1923	1922	1921
Capital—						
Mining properties	3,483,793	3,483,794	3,482,594	3,409,077	3,289,374	3,289,375
Plant, etc., add	2,961,647	2,951,987	2,930,692	2,873,569	2,073,649	2,024,727
	6,445,440	6,435,781	6,413,286	6,282,646	5,363,023	5,314,102
Loans on call	......	......	......	1,400,000	625,000	......
Cash	553,676	565,057	495,997	23,000	141,585	356,695
Bullion	65,493	80,036	196,707	216,206	82,571	78,516
Accounts	52,995	54,800	50,168	61,837	27,980	225,424
Bonds	830,162	1,074,469	1,067,161	276,013	1,382,313	1,028,409
Other investments	......	......	......	8,001	35,000	26,250
Supplies	303,113	341,729	380,694	344,490	272,900	302,698
	1,805,441	2,116,092	2,190,727	2,322,547	2,567,348	1,817,994
Dividend insurance fund—						
Cash	22,852	17,042	1,583	147,131	......	......
Bonds	2,196,579	2,156,786	2,064,410	1,874,923	......	......
	2,219,431	2,173,828	2,065,993	2,022,054	......	......
Dome Ext. property	......	......	......	......	87,226	87,226
Deferred charges	22,702	34,138	51,407	80,564	22,618	10,655
	10,493,014	10,759,838	10,721,415	10,707,812	8,040,216	7,229,977

LIABILITIES

	1926	1925	1924	1923	1922	1921
Capital	7,000,000	7,000,000	7,000,000	7,000,000	4,290,003	4,766,670
Surplus	1,313,008	2,019,665	2,419,278	2,671,557	245,184	73,280
	8,313,008	9,019,665	9,419,278	9,671,557	4,535,187	4,839,950
Current Liabilities—						
Accounts payable	42,194	121,954	100,752	11,903	49,435	40,572
Taxes	173,092	172,942	156,867	311,570	22,810	11,462
Dividend	500,000	500,000	500,000	500,000	129,169	126,344
Divi. shares in trust	23,333	23,333	23,333	23,333	......	......
	476,667	476,667	476,667	476,667	201,414	183,378
Unclaimed divi.	35,576	29,273	32,715	18,105	......	......
	63,164	800,836	767,000	494,772	......	......
Wages payable	......	......	......	......	28,244	20,435
Taxes	......	......	......	......	102,859	75,020
Repay. capital	......	......	......	......	476,667	......
Reserves	1,389,313	939,338	535,136	118,010	2,695,845	2,111,194
Total liabilities	10,493,014	10,759,838	10,721,415	10,767,892	804,216	7,229,977

**Howey Gold Mines Exp. written off.

	12 mos., 1926	12 mos. 1925	12 mos. to Dec., 31, 1924	9 mos. to Dec., 31, 1923	12 mos. to Mar., 31, 1923	12 mos. to Mar., 31, 1922	12 mos. to Mar., 31, 1921
Recovery per ton	7.09	8.55	8.73	10.43	11.79	7.80	7.11
Costs per ton	4.16	4.46	4.57	4.66	5.25	4.56	4.53
Tonnage	555,700	530,200	493,400	320,700	363,000	360,000	273,700
Production	3,940,090	4,366,025	4,307,720	3,345,477	4,278,935	2,809,452	1,946,403
Other Income	251,511	176,132	204,981	179,381	182,458	138,668	247,355
All Costs	2,315,800	2,368,611	2,258,649	1,495,596	1,907,739	1,640,845	1,239,508
Federal Taxes	90,966	120,538	102,960	104,978	126,798	62,353	41,413
Oper. Profit	4,784,834	2,053,009	2,151,092	1,924,284	2,426,856	1,244,922	912,847
Capital Assets	6,445,440	6,435,781	6,413,286	6,282,646	5,508,338	5,363,023	5,314,101
Current	1,805,441	....	1,910,394	1,880,969	2,266,377	2,354,000	1,658,328
Dividend Fund	2,219,431	2,173,828	2,065,993	2,022,053	1,026,839	....	....
Dividends, Repay.	1,906,668	1,906,668	1,906,668	1,191,667	1,310,834	476,667	438,333

ALBERTA OIL HUNT PRODUCED THREE WELLS LAST YEAR

Turner Valley Productive Area Was Materially Enlarged as Result

In the Turner valley field and adjoining areas southwest of Calgary, Alberta, more than 25 wells were, according to G. S. Hume, of the Geological Survey, being drilled during 1926. Turner valley became prominent as an oil field on account of the production secured in Royalite No. 4 Well over two years ago. During 1926 this well is unofficially reported to have produced 193,723 bbls. of 73 deg. Baume naphtha, the daily average of production being approximately 530 bbls. This production is secured from dolomite of supposed Palaezoic age at a depth of 3740 feet. During 1926 three other wells, McLeod No. 2, Illinois Alberta and Vulcan No. 1, were drilled into the productive horizon and the Illinois Alberta and Vulcan wells are now producing about the same grade of naphtha as Royalite No. 4. McLeod No. 2 well also produced but owing to drilling difficulties the flow of gas and contained naphtha has been temporarily shut off but undoubtedly will be recovered unless further difficulties develop.

Proves Wide Area

Production from these wells proves a porosity in the productive zone over a wide area in Turner valley and in the hope that the productive zone will extend to whole length of the Turner Valley structure wells are being drilled throughout a distance of 12 miles.

During 1926 drilling was done in several other prospective areas within the foothills. These include the Jumping Pound and Moose mountain areas south of Bow River, the Highwood area, Rice creek area west of Nanton, etc. No wells have yet reached the large productive horizon of Turner valley. In the northern foothills the Coalspur well of the Imperial Oil Company has been abandoned at a depth of 4,305 feet without any prospects for production having been secured.

In the Plains area Roth No. 1 well being drilled in the Medicine Hat gas field, obtained gas in the Medicine Hat gas sand but no further production of oil or gas at depth. The well has been abandoned except as a gas well and No. 2 well is being drilled. The Imperial Oil Company' Burdette well that is being drilled on the Bow Island structure found an oil sand in the lower Cretaceous but a test of the well failed to give commercial oil production and the well is being deepened.

Testing Ribstone

In eastern central Alberta the Imperial Ribstone No. 1 well, drilled on the structure outlined by the Geological Survey in 1925, obtained a gas flow unofficially estimated as about 4 million cubic feet per diem, at about 1400 foot depth. Between 1870 and 1900 feet an oil sand was encountered and tested. Bailing was continued for several days but the flow was only about 5 bbls. per diem of 18 deg. Baume oil, accompanied by some water. The well is being deepened. As the core of the oil sand gave reason to hope for a larger proportion and the large flow of gas at the higher horizon indicated the structure to be favorable, the results of the test of the oil sand are disappointing. It is recognized, however, that one well is not sufficient to test the porosity of sands that have now been proven to have prospective productive value and it is understood that a number of wells are to be drilled in 1927. Two wells, the Ribstone Oils No. 1 and Advance No. 3, are now being drilled and as their locations in reference to the structure are only slightly different than that of Imperial Ribstone No. 1, their prospects for production depend, firstly, on the presence of a larger effective porosity within the saturated oil sand than occurred in the Imperial Ribstone well and secondly, on sufficient pressure of gas within the oil sand to drive the oil into a well. It is considered that the favorable indications of the Imperial well justify drilling of a number of other wells on various parts of the structure in an attempt to locate a productive area within the oil horizon.

Wainwright Area

In the Wainwright field during 1926 three wells were drilled to the Cretaceous sand productive on 3B British Petroleums and Edmonton Wainwright wells. Of these three wells the Emerald found the sand "tight" and secured no production, although the well is being deepened and is now in the Devonian limestones underlying the Cretaceous; the Western Consolidated obtained oil at the productive horizon but the capacity is unknown and the Dome has reached the productive sand but not yet made a production test. The official production of the Wainwright field for 1925 was 4,650 bbls., but as yet no figures are available for 1926.

In the Ontario field, according to a communication from the Natural Gas Commissioner, "there have been no new discoveries made in 1926, and all exploratory work has given negative results." It is understood that the Imperial Oil Company has optioned practically the entire Bothwell field with a view to mining the oil sands by the Ranney process. Three diamond drill holes to test the character and thickness of the oil sands have been bored but no results are available. The Bothwell field is in Lambton County and comprises an area about 5 miles long and less than a mile wide. It has produced oil continuously since 1896 from wells 375 to 400 feet deep in the Onondaga limestone of Devonian age.

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Stadacona Watching Survey on 2 Blocks

Secretary Roy Anderson, of Stadacona Rouyn Mines, just back from a visit to the company's property in Rouyn, says the electrical survey is making rapid progress on Blocks 2 and 8. No report is available yet, but it is expected that there will be one by the end of the month. He found conditions sufficient to warrant great optimism, not only on Blocks 2 and 8, but on Block 1 adjoining the Ribago property.

J. P. Norrie, engineer in charge, is pushing a plan of campaign which includes several of the many blocks owned by the company, and has built cabins on the northern blocks and has a gang of men at work on them.

Laurier Checkerboarding Its Rouyn Holdings

From Our Own Correspondent.

ROUYN.—The field activities of two working parties in Rouyn indicate that Laurier Mines plans to "checkerboard the field" with groups of claims. Several deals have been closed during the past few days, but no official announcement of the properties secured has yet been made, though it is known that a deal is closed for a group near Waite-Montgomery. Wes. Gamble is operating in the field for Laurier Mines, and it is said that the details, when announced, will show the company to have much the largest holdings in the Quebec field.

The directors of the company will likely soon be announced and followed by an offering of shares about March 15.

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Granada-Rouyn Making Record in Plant Erection

From Our Own Correspondent.

MONTREAL.—Robert Gamble is giving personal attention to installing the new plant of Granada-Rouyn on the former Bathurst-Gamble holdings south of the town of Rouyn. The machinery supply houses set a record in getting the equipment to the camp and Bob Gamble is determined to set another record in getting the plant going.

Granada-Rouyn has substantial funds in its treasury which will permit extensive development for at least a year without the sale of further stock. The first issue was sold in a single day and the fiscal agents report a good demand for the second issue.

Mr. Gamble says the claims have the most promising surface showings in Rouyn and if the ore continues at depth, one of the really big mines of the district should result. There are over 5,000 acres in this group alone.

MARCH CLOSES MILL

March Gold Mines, Porcupine, has closed down its new mill for a second time. Three new levels are to be opened up in the mine. Ore reserves are low.

ASSETS 15 CENTS A SHARE

It is estimated that the liquid assets of McKinley-Darragh Mines are about equal to 15 cents on the 2,247,000 shares outstanding.

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WORK OF LINKING CANADA NORTHERN PLANTS GOES ON

Line to Waite-Montgomery Mining Property Now Complete

From Our Own Correspondent.

MONTREAL.—The subsidiaries of the Canada Northern Power Corporation are making good progress with the various extensions which are underway. Work began on the Indian Chutes-Kirkland Lake transmission line about February 1, and it is anticipated that it will be completed in six weeks' time. The line connects the Great Northern Power Corporation's plant with the Northern Ontario Light and Power Company's system. Both these companies produce 60 cycle energy and therefore the lines of both can be linked without the expense necessary to instal frequency changers.

Good progress is also being made on the feeder lines in the Rouyn area. The line to the Waite-Montgomery property has been completed and in two weeks' time the line to the Alderson-McKay property will be through.

In two weeks' time all the work on the Rouyn substation will be completed. The equipment is all on the ground and it is being installed.

Work will begin shortly on another transmission line which will connect Rouyn with the Northern Ontario Light and Power Company's system at Kirkland Lake. A frequency changer is to be installed, as the power now supplied to Rouyn comes from the Quinze plant, which supplies 25 cycle power, whereas the Northern Ontario plants produce 60 cycle power.

The work at present under way, and that to start shortly, will provide both the Kirkland Lake area and the Rouyn area with additional power and will link up much more effectively the chain of companies operating under the aegis of the Canada Northern Power Corporation.

LOWER OUTPUT OF GOLD THOUGH TONNAGE IS UP

(Continued from page 17)

better. This, however, will hardly be apparent in the figures until April or May.

Kirkland Lake figures follow:

	Tons	Value	Per-Ton
January—			
1926	34,167	$ 575,128	$16.83
1927	50,696	600,354	11.84
Year—			
1926	513,324	7,193,498	14.01
1925	378,727	5,404,652	14.51

MINING STOCK QUOTATIONS

Week Ending February 22

	Par Val., $	Div. Rate	Yield	High for wk.	Low for wk.	Close Feb. 22	Sales for wk.	Range, 1926 High	Range, 1926 Low	Range, 1927 High	Range, 1927 Low
Aconda	.	...	...	30	25½	27	29900	..	..	45	25½
Amulet	1	...	...	1.46	1.35	1.35	135985	2.98	.90	2.89	1.35
Algonquin	1	...	...	2½	2	2⅛	8300	6¼	1¼	5¼	2
Apex	1	...	...	3½	3	3½	1300	6	2¾	3⅛	2
Area	1	...	...	55½	36	40	160775	1.55	.21	1.95	.36
Argo. Con.	1	...	...	42	35	37	142583	67	18½	58	35
Atlas	1	...	...	4¾	3	3⅞	126000	5	1⅝	4¾	2
Abana	1	...	...	28	28	28	500	..	..	28	20
Amos	.	...	...	45	45	45	3000	..	..	56	40
Baldwin	1	...	...	3	2½	2¾	61600	6⅞	1	4¾	2½
Barry Holl.	1	...	...	69	53½	54½	499900	1.00	.21	1.00	.53½
Beaver	1	...	...	66	63	65	10800	99	51	75	59½
Bellellen L.	1	...	...	22	20½	20½	16000	23½	20	23	17
Bidgood	1	...	...	7	6	7	30500	9⅝	4½	9½	5½
Boston Creek	1	...	...	....	..	..	...	7½	2½	1	⅝
Bourlamaque	1	...	...	1.52	1.50	1.50	69100	1.45	1.02	1.53	1.43
Buckingham	1	...	7½	...	6¼	7½	55800	7¾	2	9¼	6
Andean	.	...	...	20½	20½	20½	7000	..	..	22½	20½
Ajax	.	...	...	44	25	29	142800	..	..	44	6½
Bard. M.	.	...	...	93	78	92	88300	..	..	97	50
Boischatel	.	...	...	18	12	13¾	87910	..	..	27	12
Cen. Manitoba	.	...	...	1.31	1.07	1.22	27475	..	..	1.31	1.07
Can. Lorrain	1	...	...	59	54½	55	14000	93	57	72	51
Capitol S.	1	...	...	30	26	26	25100	48½	24	34	25
Castle Tre.	1	...	...	1.14	1.06	1.06	26350	1.85	.91	1.27	1.02
Chaput H.	1	...	...	5½	5	5¼	29800	22	3⅛	8½	4⅝
Clifton	1	...	...	2	1½	1¾	5000	6½	1	2	1
Coniagas	5	...	...	4.05	3.86	3.86	400	4.85	3.00	4.40	3.86
Coniarum	5	...	...	3.25	3.00	3.05	808	4.45	3.00	3.50	3.00
Col. Kirk.	1	...	...	2¾	2½	2⅝	35700	6¾	2	2¾	2
Cons. Smelter	25	10	4.09	245½	242	244½	1869	265	177¼	255	242
C. W. Dome	1	...	...	14	13	13¾	118117	29½	14	19	12½
Crown Res.	1	...	...	10	9	9½	42800	24¼	8	11¾	8½
Corona	1	...	...	21	13	13	155200	37½	20	37	13
Capital R.	.	...	...	19½	19½	19½	2500	43	26	54½	18
Destor	.	...	...	43	42	43	7450	41	40	43	40
Davidson	1	...	...	2	1½	2	12000	3	1½	3	1½
Dome Mines	None	2.00	22.73	9.30	8.80	8.80	6515	20.00	8.00	10.85	8.80
Don Rouyn	1	...	...	41	32	39	124255	61	25	56½	30
Duprey	.	...	...	....	..	..	...	..	..	10	10
Duprat	1	...	...	21¾	15	17	366625	35½	10	34½	15
Fiske	.	...	...	13	13	13	1000	16	12	30½	13
Gifford	.	...	...	1½	1	1	24000	..	..	1¾	⅞
Everett	1	...	...	4	4	4	3000	12¼	3¾	5½	3¾
Goldale	1	...	...	26	24½	25½	12100	43	24	30	20
Gold Hill	1	...	...	44¼	40	40	47600	73½	25	54	40
Gold Reef.	1	...	...	1½	1½	1½	2000	5	1	2½	1½
Grover Daley	.	...	...	20	15	16	134100	32	22	37	15
Haultain	.	...	...	14	14	14	310	..	..	14	14
Hillcrest	100	6	9.67	62	62	62	10	..	..	65	62
Hill Top	1	...	...	18	15	16	4500	31¾	20	24	15
Hollinger	5	26	5.88	22.50	22.10	22.10	5135	21.00	16.65	22.65	20.00
Howey Gold	.	...	...	48	42	42	9050	..	..	53	42
Indian	1	...	...	11	6½	7	43000	14½	3¾	11	4
Inspiration	.	...	...	...	..	..	...	8	7	..	..
Int. Nickel, c.	None	2.00	4.54	44¼	42¼	43¾	16614	46	33	44¼	38
Jay Copper	.	...	...	1.15	1.09	1.09	10000	1.10	.73	1.22	1.04
Keeley	1	24	15.00	1.63	1.59	1.60	14500	1.91	1.39	1.66	1.45
Keora Mines	1	...	...	9	7¾	7¾	37750	22	11	13½	7
Kirk. Hunt.	1	...	...	26	22½	22½	55500	34	8½	35	22½
Kirk. Lake	1	...	...	89	85	85	64300	1.44	.69	1.00	.85
Kerr Lake	4	25c	...	....	..	..	...	.90	.90	..	..
Lake Shore	1	40	2.26	18.45	17.60	17.65	13150	16.15	9.60	19.00	15.40
Lakeside	1	...	...	5¼	3	3	92600	10	1⅛	6	3
Laval	1	...	...	41	37	38	242431	45¾	21	55	33
La Rose	1	...	...	10	8	8	1500	39	4	12	8
Lorrain	1	...	...	3	2¼	2⅝	9000	15	2	3¼	2
Lorrain T. L.	1	...	...	....	..	..	...	1.10	.30	.40	.30
Marclay	1	...	...	41	40	40	19400	35	30	41	34½
Macassa	1	...	...	30	28½	28½	10700	43	25	37	28½
McKinley	1	...	...	17½	14	17	96050	26	8½	17½	11
McIntyre	5	20	3.76	27.00	26.45	26.60	6550	29.75	22.70	27.00	25.05
Millcrest	1	...	...	4¾	4½	4¾	5800	21	3½	6	4½
Mining Corp.	5	12½	...	3.40	3.20	3.22	5935	4.45	2.60	3.50	3.05
Moneta.	1	...	...	12	12	12	2000	18	11	14	12
Montreal Rouyn	1	...	...	24⅞	22	24⅞	1800	60	13	32	20
Noranda	None	...	...	20.70	20.25	20.30	21084	24.75	12.00	24.10	19.95
Newray	1	...	...	32	31	31½	4300	45	31	33	30
Night Hawk	1	...	...	5¼	4¾	5	29000	17	3¾	8½	4½
Nipissing	5	12	6.38	10.00	9.25	9.40	23253	9.25	4.90	10.30	8.10
Ophir	1	...	...	4⅝	3½	3½	43200	4¼	½	4⅝	1¾
N. Amer. Lead	.	...	...	2.00	1.83	1.93	14575	1.75	1.50	2.00	1.72
P. L. Cobalt	1	...	...	11	9	10	12083	32	14½	14½	9
Porc. Crown	1	...	...	10½	9¼	9¼	12500	12	4	11	6½
Pioneer	1	...	...	1.10	1.06	1.08	33300	1.22	.66	1.18	1.00
Premier Gold	1	32	14.48	2.30	2.03	2.21	14330	2.75	1.83	2.30	1.86
Preston	1	...	...	5	4	4	7500	9⅞	4	6	4
Osisko	.	...	...	1.00	.90	.90	1600	1.94	1.05	1.75	.90
Rouyn	.	...	...	3⅝	2½	3	17500	9	1⅞	5	2½
Rouyn, Que.	1	...	...	3	3	3	1000	4½	1¼	4⅜	2¼
Sylvanite	1	...	...	.....	..	..	...	..	..	4.30	2.60
South Keora	1	...	...	56	50	56	121440	35½	5	56	35
Stadacona	1	...	...	46½	40	42	74825	51	40	55	40
Teck Hughes	1	10	1.61	6.40	6.15	6.21	68580	5.55	2.64	6.80	5.37
Timiskaming	1	...	...	6	6	6	1000	15¼	6	7	5½
Thomp. Krist	1	...	...	....	..	..	...	3½	1	1	1
Tough Oakes	1	...	...	57½	53	53	97760	66	36	62½	53
Towagamac	1	...	...	4.30	4.00	4.20	6930	6.10	3.15	5.75	4.00
Do., Rts.	.	...	...	15	12	15	3026	..	..	19	12
Vic. Silver	1	...	...	14	10	10½	328750	96	3⅛	14	4½
Vickers	1	...	...	1.39	1.30	1.38	34375	1.22	.13	1.39	1.20
Vipond	1	3	1.93	1.62	1.55	1.55	68207	2.02	1.49	1.75	1.55
Siscoe	.	...	...	16	16	16	2000	..	..	18	12
Potter Doal	.	...	...	50	33	50	79450	..	..	50	32
Ribago	.	...	...	60	55	57	24600	..	..	87	55
Wakenda	1	...	...	....	..	..	...	2¾	1	3	2
Wasapika	1	...	...	1	1	1	1000	4	1	2	1
West Tree	1	...	...	3¼	3	3¼	9000	4	2	4	3
Wettlaufer	1	...	...	2	2	2	8000	10	2	3	2
Wigwam	1	...	...	....	..	..	...	32½	4	4	4
Wright Har.	1	37½	3.67	10.25	10.00	10.20	18125	10.00	7.75	11.00	9.35
Waite Mont.	.	...	...	....	..	..	...	..	..	875	840
Vac. Gas	.	...	...	26	14	14	248900	..	..	26	3
Que. Pros.	.	...	...	600	600	600	3	..	..	600	395
St. Anthony	.	...	...	31	16	30	87400	..	..	31	16

Mining Inquiries

Both Reliable

Please report on the reliability of Homer L. Gibson & Co. and Stobie Furlong & Co.

Homer L. Gibson & Co. and Stobie, Furlong Co., two large brokerage houses of Toronto, are considered to be substantial and reliable.

Tough Oakes

What is your opinion of Tough Oakes and Aconda?

Tough-Oakes is a development operation on which a very serious attempt is being made to discover a mine. At the present time the mill is producing sufficient funds to pay all expenses and leave a small surplus. Aconda is a Quebec speculation still in the prospect stage.

Blue Quartz

I find the correct name of the stock I wrote you about is Blue Quartz. Can you tell me about it?

Blue Quartz Gold Mines is an interesting prospect and is developing fairly satisfactorily. Heads of the company state that they are now in a position where they are justified in erecting a mill, and plans to that end are now being made. The proposition at present seems to be practically a one vein operation of good length. It may expand and develop as operations are carried deeper and more extensively laterally.

South Keora

I wanted to buy some South Keora but my broker said that while I could buy at present levels, I might not be able to sell. What is the situation?

South Keora is working a fair silver prospect in Gillies Limit, south of Cobalt, and also owns 500 acres adjoining O'Leary group, Duprat Tp., Quebec, a short distance west of Waite-Montgomery. Company is capitalized at $3,000,000, with $2,000,000 held by Keora Mines and $1,000,000 as treasury shares, part of which have been sold to the public. The daily record of the stock market shows that this year the stock opened at 35 and has moved steadily up a point at a time, suffering no recessions. to the present level of 55. In that time total transactions recorded amount of 532,600 shares. While the company may be financing through the market, there is no doubt that a good deal of the trading recorded is from profit taking, which is indication enough that the shares are marketable.

The insinuation of your broker is that the prevailing price is a fictitious one, but so long as someone is willing to buy or sell at that level one would find it difficult to establish such a fact. The reason behind such a suspicion is undoubtedly the price of Keora. It is standing around 8c. a share. It holds, or rather did hold, 2,000,000 shares of S. Keora. At the present market this stock would be worth $1,080,000, or 36 cents a share on Keora's capital stock of 3,000,000 dollar shares. Firm handling finances recently informed writer that in one day they took 20,000 shares off market at 54 and 55 cents.

McCarthy-Webb

One of our clients would like some information re McCarthy Webb Mines. Do you know them?

McCarthy-Webb Goudreau Mines, 902 C.P.R. Building Toronto, incorporated in the Province of Ontario for $3,000,000, $1.00 par value, with M. B. Gordon, Toronto, as president. Company owns attractive looking group of properties in the Goudreau area, north of Sault Ste. Marie on which a considerable amount of work was done, including diamond drilling. Operations were closed down when the company ran out of funds. For some time the company has been making an effort to re-finance and the latest report is that they have got some money together, and propose to resume exploratory work in the spring.

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TORONTO

NEW SILVER HUNT IN COBALT IS EXPANDING

(Continued from page 17)

to Toronto from the South Keora property, just over the boundary in Gillies Limit. This section is part of the same diabase sill as that which covers Cobalt and the company are quite enthusiastic over the surface showings. Values as high as 1,600 ounces have been secured from the main vein on surface. This has been opened for 200-ft. through heavy overburden and the company has decided that it can be opened underground as cheaply as it can be surface trenched so that a plant has been ordered and sinking will be launched. The company is now installing the air line. Analysis of the ore from surface shows 58 per cent. mineral, divided 9 per cent. cobalt, 13 per cent. nickel, 36 per cent. arsenic. The silver values are in smaltite and cobalt.

Peterson Cobalt is a reorganization of old Peterson Lake. They are driving out under Peterson Lake along the diabase contact and have met with some very good success to date. The outlook is considered promising.

OPTIMISTIC NOTE AS TO KIRKLAND GOLD OUTLOOK

(Continued from page 17)

side not yet reached. Rich gold ore has now been found from the 1,680-foot level, near the eastern boundary of the property on every level down to the 2,350-foot level, where it runs 800 feet west of that boundary, and throughout the distance Mr. Tyrrell is of the opinion that he is just at the top of the main ore-bearing zone.

Mr. Tyrrell's conclusions are:

"With the major portion of the mine still beneath us, and in view of the successful results of our exploration and development work during the past two years, and of the increasingly favorable indications of ore below the levels already reached, I am confident that at no distant date this company's property will be developed into one of the rich producing mines of Ontario."

The profit and loss account shows balance Dec. 31, 1925, $187,376, with interest and rents paid amounting to $2,993, leaving a balance at Dec. 31, 1926, of $184,382.

In the balance sheet among the assets, mining claims and property are valued at $3,635,724, building plant and equipment, $356,326, and development account, $694,172, making total capital assets of $4,686,223. Current assets are shown at $170,616, other assets $2,415, and balance of profit and loss account $184,382, making total assets of $5,043,667. On the liabilities side preferred shares issued are valued at $986,112. Common shares issued, $3,972,226; reserves for depreciation, $62,916, and current liabilities, $22,413. Among the current assets is shown cash in bank $89 240 and bullion on hand $50,801.

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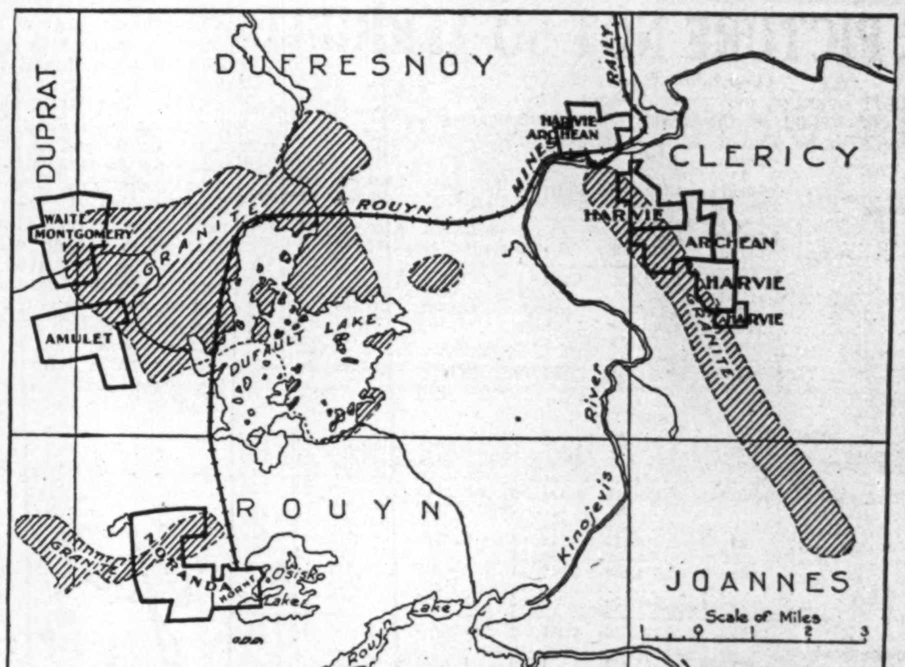

ROUYN MINING AREA, showing relation of several principal operations to the margin of Granite Areas and to Railway Transportation.

OWING to the widespread demand for authoritative information on this company, a special memorandum has been prepared covering field operations, financial plans, etc. Copies will be gladly furnished on request to

HARVIE SMITH & CO., LIMITED
616 Canada Cement Building, Montreal

INITIAL REPORT OF VIAU BISCUIT REVEALS POSITION

Earnings Sufficient for First and Second Preferred Dividends

From Our Own Correspondent.

MONTREAL.—The first annual report of the Viau Biscuit Corporation for the thirteen month period ending December 31, 1926, shows that, after payment of all charges and first and second preferred dividends, there remained a sum of $2,455 available for income tax. This sum was carried forward into profit and loss account. The company is in a satisfactory liquid position. The following figures show the income account and the working capital figures:

	1926
Net Operating Profit	$192,460
Depreciation Res.	35,000
Bad Debts Res.	7,000
Bank Interest Etc.	13,971
Net profits	$136,489
Bond Interest	31,134
	105,355
1st preferred dividends	70,000
2nd preferred dividends	32,900
Surplus before income tax	2,455
Working Capital	
Current assets	$607,790
Current liabilities	266,302
Working Capital	$341,488

The Balance Sheet

The balance sheet shows total assets of $2,386,129, consisting of cash $60,578, bills receivable $25,826, accounts receivable $281,650, inventories $239,734, cash and securities in hand of sinking fund trustees $24,126, fixed assets $1,721,339, organization expenses $22,670, and deferred charges $10,202. Other items on the liability side of the balance sheet as at December 31 include: Bonds and mortgage $474,200, first preferred stock $1,000,000, second preferred stock $470,000; 25,000 shares no-par-value common stock $125,000, reserves $48,172 and surplus $2,455.

The President's Remarks

In his remarks to shareholders, Hon. J. L. Perron, the president, states in part as follows:

"Your company embraces the merged business of J. Dufresne, Limitee, and Viau and Frere, and, though the financial period under review covers thirteen months, the report must not be regarded as an indication of the earning power of the business as now constituted. A great deal of organization work had to be put into effect in order to bring about uniformity in sales and production methods, requiring many changes with a consequent slowing down of departments of the business. This substantially affected the profits during the first several months, but was necessary in order to put into force methods leading to permanent economy, co-ordination of production and selling, as between the factories, the sales and administrative forces. Having accomplished these aims, the business has been showing most pleasing activity, which must be reflected in substantially increased earnings during the coming year.

"Our customers have been entirely loyal to us. We have been producing an excellent quality of improved goods and, though at greater cost to us, the policy has already resulted in adding many new clients.

"At present our sales exceed the total of the constituent companies for any previous similar period, and we have reason to look to the future with much confidence.

"We have bought some new machines and equipment during the year, and we have closed the Dufresne warehouse and delivery facilities in Montreal, and are offering the properties for sale, because they are not necessary to our business."

Peace River Had Good Crops

Final estimates of the Alberta Provincial Department of Agriculture show the 1926 wheat crop at 113,120,000 bushels—an average yield throughout the territory of 18½ bushels. During the year the Peace River district harvested the best crop in its history, often yielding forty bushels to the acre.

Howard Smith Report Out Soon

MONTREAL. — The annual report of the Howard Smith Paper Mills covering the past year of operations will be available shortly. It is understood that earnings in the 1926 year will show a surplus applicable to the common shares amounting to about 8 per cent. It is understood that gross earnings will show an increase. Earnings on the common shares last year amounted to 7.44 per cent.

SIMPSON'S, LTD., EARNS $19.46 ON COMMON SHARES

Profit of $2,501,000 is Seven Times Interest Required on Bonds

Simpson's, Ltd., and constituent companies (which means the Robt. Simpson Co. and its subsidiaries) earned $19.46 on each share of the common stock, of which there are 100,000 outstanding, after deducting dividends on the outstanding preferred stock of the Robert Simpson Co., and the interest on the collateral bonds of Simpson's, Ltd. This compares with $13.15 per share the previous year. Earnings of $2,501,000 are seven times the bond interest.

The liquid position of the company shows a marked improvement in the year ended February 2, 1927, compared to the year ended February 3, 1926. Current assets show a decrease, from $10,232,317, to $10,043,938, but investments in government bonds and other readily marketed securities were increased from $160,870 to $1,140,481. Current liabilities dropped from $2,909,931 to $2,540,845. Thus the working capital was increased from $7,322,386 at February 3, 1926, to $8,643,574 at February 2, 1927. This is a net gain in working capital of $1,321,188 in the year just closed.

Inventories Rise

Merchandise on hand at the end of the fiscal year was valued at $7,428,032, compared with $7,351,667 at the end of the previous year. Accounts receivable grew from $1,877,000 to $2,054,140. Prepayments on goods dropped from $717,000 to $480,000. Cash on hand and in banks dropped from $123,900 to $81,292. The sum of $699,894 has been paid in advance for catalogue expenditure, insurance, etc. Capital assets, including additions during the year, are valued at $13,298,353. All assets total $25,182,517.

Accounts payable total $1,125,687, compared with $1,577,790. The 1927 reserve for taxes, etc., is $797,264. The 100,000 shares of no-par common stock are given a book value of $5,372,736.

Robt. Simpson Profits

With the net profit of $2,501,788 (after depreciation and bond interest of subsidiaries, etc.,) and the balance carried forward of $626,518, the surplus available for dividends and bond interest was $3,128,307. The balance carried forward is $1,650,856, which is remaining after deducting $1,477,450 as follows: $201,000 in dividends on the 6 per cent. preferred stock of Robert Simpson Co.; $354,400 in interest on the 6½ per cent. collateral trust gold bonds of Simpson's, Ltd.; $300,000 for dividends on the 100,000 shares of no-par value common of Simpson's, Ltd.; $100,000 reserve for dividends payable after close of fiscal year; $242,500 for profits tax reserve and $280,000 reserve for bonus and employees' savings and profit-sharing fund.

The profit and loss statement for the Robert Simpson Co., appended to statement of Simpson's Ltd., shows net profit on merchandise, after depreciation, bond interest, etc., of $1,632,274. To this is added former balance of $4,035,642, giving $5,667,916 available for distribution. From this was deducted $1,421,954. leaving a balance forward of $4,245,961. This $1,421,954 expenditure was divided as follows: $201,000 dividends on preferred stock paid to Simpson's, Ltd., for disbursement; $795,625 paid to Simpson's, Ltd., as dividends on common stock (now held entirely by Simpson's, Ltd.), $100,500 reserve for dividends, $140,000 for profits tax reserve and $184,829 reserve for bonuses and employees' savings and profit-sharing fund.

Profit and Loss

Year end Feb. 3	1926-7	1925-6
Net profit	$2,501,788	$1,933,193
Pref. dividend	$ 201,000	$ 251,250
Com. dividend	......	58,625
Div. on no par val. stock	400,000	250,000
Interest	354,400	308,000
Tax reserves	242,050	208,800
Res. for bonus, etc.	280,000	230,000
	$1,477,450	$1,306,675
Surplus	$1,024,338	$ 626,518
Prev. balance	626,518	......
P. & L. bal.	$1,650,856	$ 626,518

McCuaig Expands

MONTREAL.—The Montreal Stock Exchange firm of McCuaig Brothers and Company has taken over the business of W. J. Turpin and Company, also members of the Montreal Stock Exchange. W. J. Turpin and Company was established over 36 years ago,, and Geoffrey H. Turpin, the sole member of the firm bearing its name, has become a member of McCuaig Brothers and Company. In conjunction with Major Clarence N. McCuaig, he will represent McCuaig Brothers on the floor of the exchange.

McCuaig Brothers and Company was established 29 years ago and now operates both downtown and uptown offices in Montreal. The members of the firm are: C. J. McCuaig, Lieut.-Col. D. R. McCuaig, Brig.-Gen. G. Eric McCuaig, Major C. N. McCuaig, W. H. Haire and Geoffrey H. Turpin.

$21,055,841 in EIGHT MONTHS

BUILDING construction in Greater Vancouver the first eight months of 1926 amounted to $21,055,841, as against $13,224,950 in the same period last year. Figures like these indicate the solid foundation for the faith of those who are investing in Vancouver properties and industries.

Send for Investment Lists.

Ceperley, Rounsefell and Co.

Investment Bankers—Est. 1886.
846 Hastings St. W.—Vancouver.

Peterboro' Had Best Year During Past Two Decades

The best year financially for a period of over 20 years, was experienced by the city of Peterboro during 1926, according to Alderman N. E. Phelan, chairman of the Financial Committee.

The sum of $806,702.41 was appropriated for the use of the various committees, but only $798,201.20 was used, leaving a surplus of $8,501.21. Even the Board of Works which operates under special difficulties, owing to unforeseen circumstances, such as snowfalls, etc., showed a surplus, the first in a long period.

P. Lyall & Sons Construction Company, Limited

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Combined Statement of Above Companies as of December 31st, 1926

ASSETS	
Cash and Investments	$7,297,447.02
Interest Accrued	102,750.87
Other Assets	1,079,292.15
	$8,479,490.04
LIABILITIES	
Reserve for Reinsurance	$4,840,405.99
Unpaid Losses	515,237.13
Other Liabilities	245,301.73
→Surplus	2,878,545.19
	$8,479,490.04

Result of Canadian Operations 1926

Premiums Written	754,744.37
Losses Incurred	189,692.83
Expenses Incurred	96,544.02
Dividends Paid to Policy Holders	298,266.62

Note—Dividends paid in 1926 are on premiums written in 1925, which amounted to $655,895.79.

Operating under Dominion and Provincial Supervision.
On Deposit with Receiver-General of Canada, over $470,000.00.
The Surplus of $2,878,490.04 is back of all Policies issued in Canada.

FIRE INSURANCE

Endorsed by { ONTARIO RETAIL HARDWARE ASSOCIATION / CANADIAN JEWELLERS' ASSOCIATION

F. B. DALGLEISH, Manager,
Confederation Life Bldg., Winnipeg

PROVINCIAL MANAGERS:

Alberta:
JAMES KELLAS,
10826 123rd St.,
Edmonton.

Manitoba:
I. E. FAIRCHILD,
802 Conf. Life Bl.,
Winnipeg, Man.

Ontario:
F. A. MARTIN,
143 University Ave.,
Toronto.

Quebec:
ALFRED BRUNELLE,
1046 Van Horn Ave.,
Montreal, Que.

British Columbia:
E. H. HAWKINS,
212 Berkeley Blk., 990
Bute St., Vancouver.

J. H. MILOT,
P. O. Box 581,
Quebec City,
Quebec.

Saskatchewan
South—A. E. ATHEY,
2329 Montreal Street,
Regina.

Saskatchewan
North—T. E. SHIEL,
8 Bell Block, 18th St. W.,
Saskatoon.

J. N. T. SPENCE,
803 Confederation Life
Building,
Winnipeg, Man.

Risks in Class A	Dividend 50%
Risks in Class B	Dividend 40%
Risks in Class C	Dividend 30%

A line to your Provincial Manager or the Head Office will bring convincing facts.

Lehigh Valley Service
to Pennsylvania Station
New York

THROUGH Pullman service direct to the **Pennsylvania Station, New York**, on The Lehigh Limited, leaving Toronto via Canadian National Railways, making connections for Long Island and New England points.

THE LEHIGH LIMITED
Lve. Toronto 5.40 P.M.
Ar. New York 8.20 A.M.
Dining car serving dinner and breakfast in each direction.

Tickets, reservations, and information at City Ticket Office, Canadian National Rlys, or Lehigh Valley Office, 13 King Street, West, Toronto. Phone Elgin 2214-2215.

F. V. Higginbottom,
Canadian Passenger Agent

Lehigh Valley Railroad
The Route of The Black Diamond

The Shawinigan Water & Power Company

The twenty-ninth annual report of the Board of Directors of The Shawinigan Water & Power Company was submitted to the shareholders at the annual meeting held on February 15th, 1927.

The financial statement shows gross earnings for the year of $7,660,207.94 and net of $2,957,323.52 before depreciation. The corresponding figures for 1925 were: gross earnings, $6,702,034.36, net, $2,366,338.78, before depreciation. After making the usual appropriations and paying dividends at the rate of 8% per annum, the balance carried forward is $758,859.32, subject to deduction for 1926 income tax.

Statement of Condition, December 31st, 1926

ASSETS		
Power Development		$ 8,958,363.27
Real Estate and Property		8,233,738.31
Machinery		6,475,333.90
Transmission Lines		11,515,374.49
Movable Plant and Equipment		592,122.78
Prepaid Charges		172,727.20
Securities of Subsidiary and Other Companies		23,040,928.49
Accounts and Bills Receivable	$2,093,499.25	
To be received from Stock Subscriptions by Customers and Enployees	88,031.29	
		2,181,530.54
Call Loans		1,392,000.00
Temporary Investments		481,887.50
Cash in Bank and on Hand		730,273.14
		$63,774,279.62

LIABILITIES		
Capital Stock		$27,500,000.00
5% Consolidated Mortgage Bonds	$5,000,000.00	
Less: Bonds purchased and Bonds held by Trustee for Sinking Fund	1,737,000.00	
		3,263,000.00
First Refunding Mortgage Sinking Fund Gold Bonds—		
Series "A" 5½%	6,000,000.00	
" "B" 6%	5,334,000.00	
" "C" 6%	6,000,000.00	
" "D" 5½%	2,000,000.00	
" "E" 5%	4,473,000.00	
	$23,807,000.00	
Less: Bonds redeemed and cancelled by Sinking Fund	940,500.00	
		22,866,500.00
Accounts and Bills Payable		591,623.67
Bond Interest and Dividend Payable January, 1927		1,003,095.00
Reserve and Sinking Funds	$2,321,036.15	
Contingent and Insurance Funds	1,638,184.10	
Depreciation and Renewal Reserve	3,831,981.38	
Surplus (Subject to Deduction for Income Tax)	758,859.32	
		8,550,060.95
		$63,774,279.62

Audited and Verified,
SHARP, MILNE & CO.,
Chartered Accountants.

January 11th, 1927.

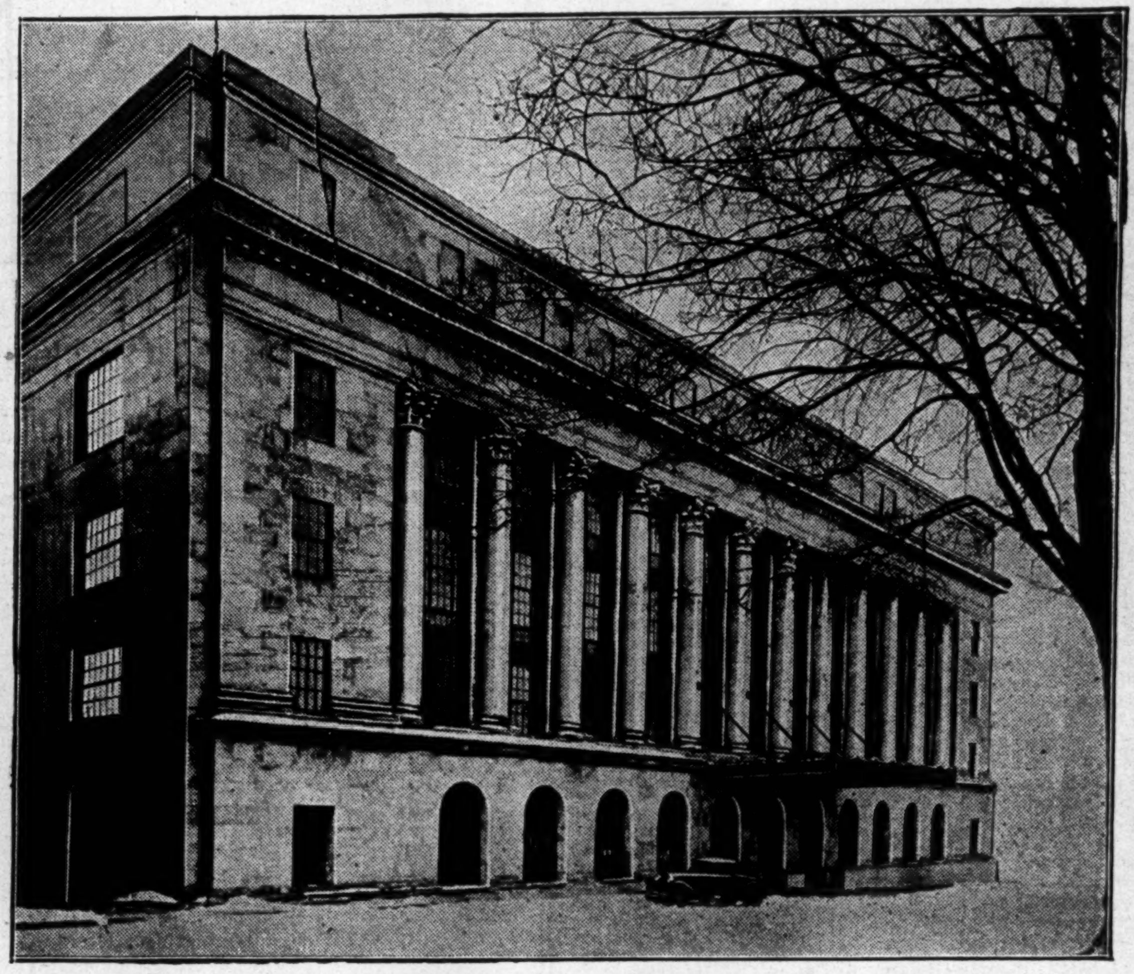
Approved on behalf of the Directors,
JULIAN C. SMITH,
W. S. HART,
Directors.

NOTE—The Pension Fund has been deposited with the Montreal Trust Company under the jurisdiction of a Pension Board.

PROFIT AND LOSS ACCOUNT 1926

Gross Revenue from all Sources		$ 7,660,207.94
Less:		
Operating Expense	$ 279,270.92	
Power Purchased	2,095,521.95	
Maintenance and Repairs	233,438.62	
Taxes and Insurance	236,271.47	
General Expenses	288,632.14	
Water Storage Rentals (Provincial Government)	110,005.76	
		3,243,140.86
Balance brought down		$ 4,417,067.08
Interest on Funded Debt		1,459,743.56
		$ 2,957,323.52
Transferred to Depreciation Reserve		350,000.00
Net Revenue		$ 2,607,323.52
Balance from Previous Year after adjustments		251,535.80
Total		$ 2,858,859.32
Distributed as follows:		
Dividends for Year	$2,050,000.00	
Transferred to:		
Reserve and Sinking Funds	50,000.00	
Surplus (subject to Deduction for Income Tax)	758,859.32	
		$ 2,858,859.32

Officers: — The officers of the Company are: President, J. E. Aldred; Vice-Presidents, Howard Murray, O.B.E., and Julian C. Smith; Treasurer, W. S. Hart; Secretary, James Wilson; Directors, J. E. Aldred, Maurice J. Curran, Henry J. Fuller, Sir Lomer Gouin, K.C.M.G., W. S. Hart, Sir Herbert S. Holt, R. W. Kelley, Beaudry Leman, Gordon W. MacDougall, K.C., Col. G. P. Murphy, C.M.G., Howard Murray, O.B.E., and Julian C. Smith, General Manager.



New Canadian Head Office Building Recently Occupied in Ottawa

The Metropolitan Life

has Assets of More Than $2,000,000,000 and More Than 24,500,000 Policyholders Comprising 1 in Every 5 of the Population of the United States and Canada

INSURANCE IN CANADA, 1926

Business Written in Canada in 1926

Ordinary	$ 72,888,231
Industrial	80,103,035
Group	14,870,757
Total	$167,862,023

Business in Force in Canada End of 1926

Ordinary	$356,914,621
Industrial	310,464,350
Group	37,532,384
Total	704,911,355

Number of Policies in Force on Canadians end of 1926	2,349,904
Payments to Canadian Policyholders during 1926	$10,079,007.42

Investments in Canada

Dominion Government Bonds and Debentures	$48,297,078.12
Provincial and Municipal Bonds and Debentures	40,956,969.07
All other Investments	48,516,088.93
Total Investments in Canada	$137,770,136.12

METROPOLITAN LIFE INSURANCE COMPANY

HALEY FISKE
President

A. F. C. FISKE
Third Vice-President and Manager for Canada

FREDERICK H. ECKER
Vice-President

Canadian Head Office—Ottawa

FORGINGS MADE FINEST SHOWING IN SEVEN YEARS

Net Up from $23,967 to $89,367 — Working Capital Up

From Our Own Correspondent.

MONTREAL.—The annual report of the Canada Foundries & Forgings Company for the year 1926 shows that the company experienced its most prosperous period since 1919, and that the financial position underwent a satisfactory improvement. The bettered income account and the improvement in the working capital position since the close of 1925 are revealed in the following comparison of figures for the past three years:

	1926	1925	1924
Op. profits	$140,553	$ 76,364	$ 42,692
Other inc.	36	27	10,000
Total inc. ...	$140,589	$ 76,391	$ 52,692
Deduct:			
Bond int.	$ 13,434	$ 13,434	$ 14,829
Other int.	12,478	12,984	14,854
Administ. exp.	25,310	26,006	30,505
Net inc.	$ 89,367	$ 23,967	d$ 7,496
Prev. surp.	988,519	964,552	972,048
P. & L. bal.	$1,077,886	$988,519	$964,552

d—Deficit.

Working Capital

	1926	1925	1924
C. Assets	$964,256	$896,212	$855,164
C. Liabs.	252,819	299,100	271,169
Net W. Cap....	$711,437	$597,112	$583,995

Earns on Common

Last year the company's income fell short of its preferred dividend requirements; this year, after providing for all charges and the requirements of the preferred dividends, the earnings applicable to the common stock were equivalent to 2.3 per cent. on each share.

The balance sheet figures show an increase in the depreciation reserve of some $22,000 and the increase in the surplus account shown in the foregoing profit and loss figures. With the exception of the improvement in the ratio between current assets and current liabilities, the changes were not of a significant character.

The president, W. M. Weir, in referring to the results of the year's operations, stated that they could be regarded as indicating that conditions were constantly growing more favorable for the company's activities. He confidently expected that for the current year equal if not better results would be attained, as every indication pointed to a continuation of the present encouraging trade conditions.

At the annual meeting of the company, Gordon C. Edwards, M.P., of Ottawa, was added to the directorate and all the other members of the board were reelected.

Alberta Pacific Grain Shares Are Now Listed

From Our Own Correspondent.

MONTREAL.—The preferred and the common shares, class A, of the Alberta Pacific Grain Company have been listed on the Montreal and the Toronto stock exchanges. These shares are the first to be listed of any company which derives its earnings solely from the handling of grain.

The Alberta Pacific Grain Company, incorporated April 10, 1926, under Dominion laws, is the successor to the company of the same name which was organized in 1912 to consolidate previously existing grain businesses in Alberta and Saskatchewan. The present company also acquired, on organization, the 2,000,000 bushel new terminal elevator of the Vancouver Terminal Grain Company, at Vancouver.

The directors of the company consist entirely of men of outstanding prominence in the Canadian grain trade, including James Stewart (president), Winnipeg, director Bank of Montreal; Chas. W. Band, Toronto; D. A. Campbell, Toronto, general manager Maple Leaf Milling Company; J. C. Gage, Winnipeg, president Northland Elevator Company; H. C. Michael, Winnipeg, vice-president Stewart Terminals; Fred W. Riddell (vice-president and managing director), formerly general manager Saskatchewan Co-operative Elevator Company.

Alberta Pacific Grain preferred and Class A common were offered by Royal Securities Corporation in May last. Current street quotations are 90-92 for the preferred and 26-27 for the common.

B. H. PORTEOUS
& Company

Stock and Bond Brokers

Members
Montreal Stock Exchange
Montreal Curb Market

17 St. John Street
Montreal, Que.

Western Municipals

Bonds issued by municipalities give a higher interest return than issues of similar standing of eastern towns and cities.

This is due to the fact that all interest rates are higher in the West.

Investors who would increase the average earnings of their holdings will find our lists of value.

Pemberton & Son
Financial Agents
418 HOWE STREET
Vancouver, Canada
British Columbia Agents for Wood, Gundy & Co., Ltd.

Asbestos Will Be Mined With Profit in 1927

Canadian Asbestos Company of Montreal says that asbestos mines will have a good year in 1927. It states:

"During the year 1926 the prices of crude asbestos were gradually stabilized on a plane to permit the mining companies to pay living wages and earn some profit on the investments of capital. The asbestos manufacturing concerns have been slow in following the lead of their mining colleagues and up to the beginning of 1927 continued to take orders at prices that in many instances were below cost. We are all realizing that the policy of taking orders regardless of price, brings benefit to no one and disorganizes business all around. One after the other asbestos manufacturers have decided to maintain prices on a level commensurate with their costs, which owing to advance in price of raw materials have increased considerably during the past year. It is more satisfactory to all concerned to do a little business at a profit than to do an immense trade at a loss.

"The asbestos mining industry, after many ups and downs and after a year's fight to maintain prices on a profitable basis, has entered the year 1927 with every prospect of a successful year, and the asbestos manufacturers, with the increasing demand for asbestos products throughout Canada, look forward with hope and confidence."

Three Write Million

Three Canadian representatives of the Metropolitan Life Insurance Company, have qualified during 1926 for membership in its Million Dollar Club. They are Group Supervisor G. V. White, of Ottawa, with $1,211,000 to his credit; H. W. Bernard, District Manager in Hull, Quebec, with $1,047,500 to his credit; F. G. Roe, Group Sales Supervisor of Montreal, Que., with $4,302,500 to his credit.

The record of the year for the company's business was held by Haley Fiske, Jr., of New York City, with $34,075,950 to his credit.

Letters to the Editor

On Kiting Evil

Editor,
The Financial Post.

The writer was very much interested in the article appearing in one of your recent numbers in reference to kiting drafts and cheques, by the Retail Merchants Association of Canada, petitioning the Dominion cabinet to provide prison for the bad cheque evil.

Since this matter has been brought before the Dominion cabinet I would further suggest that the Dominion government bank inspector look into this matter at once and I am sure the evil would soon be banished when the inspector learns of its magnitude and the terrible losses that business houses are suffering through this evil.

Your valued paper is to be congratulated on the good work it is doing on behalf of the business men of Canada who are now suffering heavily under the present conditions. A Long Sufferer.

AUTOMOBILE RATE MAKING IS SCIENCE GAINING STRENGTH

(Continued from page 14)

derwriting profit. The loss element, if expressed as an absolute amount in relation to the unit of exposure, is called the 'pure premium' or 'loss cost'; if expressed as a per cent. of the premium dollar, it is called the 'loss ratio.'

"The pure premium or loss cost is the major portion of the rate and for the rate maker it is the more important and more difficult to establish. It varies by territory and by classification. The expense loading, on the other hand, is not a variable for a given line of insurance, but is a constant ratio of the gross rate. Thus, the establishment of the expense loading is a comparatively simple task.

"A large volume of detailed statistical data carefully compiled and analyzed, is essential to the determination of the loss element of the rate. At the very outset, therefore, statistical plan should be established which will provide for the keeping of the experience in such a manner as to furnish the answer to the many rate-making problems that subsequently arise.

"These statistical plans serve two important purposes. First, they provide for a carefully constructed set of classifications with appropriate codes which will produce for the rate maker all the data that are needed. Second, they bring about a situation where many companies keep their individual experiences on a common basis so that the data of all may be pooled together and the entire volume used as the basis for predicating rates.

"Two important principles inject themselves into the development of rates for automobile insurance as they do in other lines of insurance. The first of these principles may be stated somewhat as follows:

"'Wherever an individual community or classification develops experience of dependable volume, then the rates for that community or classification should be predicated on its own individual data.' "and this principle forces the corollary that 'there is a certain minimum volume of data necessary for the establishment of individual rates.'

Should Follow Normal Trend

"The second principle is concerned with the stability of rates and enunciates the idea that the rates should follow the true normal experience indications of the territory or classification and should not be violently affected by the chance variation in experience from one year to another.

"In the present stage of the science of automobile rate-making both of these principles have found a place, although the principle of stability of rates is not entirely realized in the case of fire and theft rates because of the present practice of determining the relativities between classifications on the basis of only one year's experience. It should be said, however, that there are certain practical reasons which seem to require the use of the experience for but one year—and that the latest year—in developing fire and theft rates for particular makes of cars.

"The final chapter on automobile rate-making has not yet been written. The business has developed so remarkably in the last few years that all of the hazards of automobile operation and ownership have not been definitely cataloged and measured. New conditions are bound to develop and these will require new methods.

Not Only Side Line

"It seems certain that the fundamental principles of cost accounting will always be applied to the rate-making procedure, and the principles of dependable volume and stability of rates will continue to apply with increasing force.

"Unfortunately there is still a disposition among some fire insurance companies to treat the automobile line as a side line—as an incident to the general fire business. This is no longer proper or practicable; the new wine has burst the old bottles.

"The science of automobile rate-making has advanced considerably in the last three or four years. To be sure, automobile rates are not yet constructed with the precision of mortality tables, and it is perhaps for the best that they are not. However, it is gratifying to note that there is an increasing tendency toward statistical method and actuarial analysis and away from judgment unsupported by the facts."

When selecting a Trust Company as an Executor, choose one whose fixed policy is to give

Financial Assistance

to Estates being administered by it

PAID UP CAPITAL AND RESERVE $1,259,430.36

The Imperial Canadian Trust Co.

Executor, Administrator, Assignee, Trustee, Etc.

Head Office: Winnipeg
Branches: Saskatoon and Calgary

THE VICTORIA TRUST & SAVINGS COMPANY

THIRTY-FIRST ANNUAL MEETING

The Directors of the Company have pleasure in submitting herewith the Thirty-first Annual Report for the year ending December 31st, 1926, duly audited.

The net earnings for the year after deducting interest paid, cost of management, etc., amounted to $123,481.81. Adding to this the balance in Profit and Loss Account gives us a balance for distribution of $134,846.61. Out of this $72,000.00, has been paid in Dividends, $35,000.00 has been transferred to Reserve Fund, $11,000.00 reserved for Federal Taxes 1927, $2,000.00 has been written off Office Premises, and the balance of $14,846.61 carried forward.

It will be observed that our Company continues to command public confidence and patronage to a degree that is most gratifying. The increase of our business during 1926 by well over $650,000, is the greatest in the Company's history. Interest collections for the year represent fully a year's earnings. As a result of the rise of Sterling exchange to almost par, it has been possible to resume the acceptance of funds from Scotland for investment in our Guaranteed Investment Receipts.

Our Cannington Office has now completed its second year, and we are pleased to report a most gratifying volume of business. Our Estates Department is showing substantial growth, and is being more and more appreciated by the District centreing at Lindsay.

All of which is respectfully submitted.
Lindsay, January 13th, 1927.

W. FLAVELLE, President.

PROFIT AND LOSS ACCOUNT, DECEMBER 31ST, 1926

Balance brought forward from 1925	$ 11,414.80	
Net earnings for the year after deducting cost of management and other expenses	123,431.81	
		$134,846.61
APPROPRIATED AS FOLLOWS:		
Quarterly Dividends Nos. 95, 96, 97 and 98	$ 72,000.00	
Transferred to Reserve Fund	35,000.00	
Reserve for Federal Taxes, 1926, Payable 1927	11,000.00	
Written off Office Premises	2,000.00	
Balance carried forward	14,846.61	
		$134,846.61

RESERVE FUND

Balance at credit December 31st, 1925	$565,000.00	
Transferred from Profit and Loss Account	35,000.00	
		$600,000.00

BALANCE SHEET, DECEMBER 31ST, 1926

ASSETS

CAPITAL ACCOUNT		
Office Premises and Land, Lindsay		$ 32,024.88
Office Premises and Land, Cannington		6,236.50
Other Real Estate		49,299.58
Mortgages—		
Principal	$873,037.80	
Interest Due and Accrued	12,383.43	
		$ 885,421.23
Loans on Company's Stock...		24,325.78
Loans on other Securities...		13,201.60
Bonds and Debentures.		
Canadian Municipal, School District and Rural Telephone Bonds		$ 207,066.87
Bank Stock, Foreign Government and other Bonds		167,841.88
Cash on Hand and in Banks		
Cash in Chartered Banks		$ 50,205.26
Cash on Hand		10,699.28
Total Capital Assets		$1,446,322.86
GUARANTEED TRUST ACCOUNT		
Mortgages—		
Principal	$3,809,927.07	
Interest Due and Accrued	91,586.60	
		3,901,513.67
Loans on other Securities		2,820.00
Bonds and Debentures.		
Dominion, Provincial and Government Guaranteed Bonds		$ 198,364.50
Canadian Municipal and Rural Telephone Bonds		173,488.69
Cash on Hand and in Banks.		
Cash in Chartered Banks		58,003.24
Cash on Hand		56,145.24
Total Guar. Trust Assets		$4,390,335.34
ESTATES DEPARTMENT		
Investments, etc., held in Trust for Estates		$ 49,786.29
		$5,886,444.49

LIABILITIES

CAPITAL ACCOUNT	
Capital Stock subscribed and fully paid	$ 800,000.00
Reserve Fund	600,000.00
Reserve for Federal Taxes, 1926, payable 1927	11,000.00
Dividend declared and payable January 1st, 1927	18,000.00
Balance due to Mortgagors...	2,476.25
Balance at credit of Profit and Loss	14,846.61
Total Capital Liabilities	$1,446,322.86
GUARANTEED TRUST ACCOUNT	
Guaranteed Investment Receipts	$2,862,635.69
Trust Deposits	1,527,699.65
Total Guar. Trust Liabilities	$4,390,335.34
ESTATES DEPARTMENT	
Estates Capital Account	49,786.29
	$5,886,444.49

POINTS WORTHY OF SPECIAL NOTE

The following shows the steady growth in assets since 1921: 1921, $3,444,921; 1922, $3,721,761; 1923, $4,157,433; 1924, $4,578,244; 1925, $5,218,820; 1926, $5,886,444.49. Investments etc., held in trust for estates at $11,002, in 1923, have increased to $49,786.29 in 1926.

MIDLAND BANK

LIMITED

Chairman:
THE RIGHT HON. R. McKENNA
Joint Managing Directors:
FREDERICK HYDE EDGAR W. WOOLLEY

Statement of Condition

December 31st, 1926

RESOURCES	$5 = £1
Cash in hand and Due from Banks ..	$356,082,679·77
Money at Call and Short Notice ..	113,934,258·15
Investments	194,267,910·75
Bills Discounted	233,721,560·10
Advances	1,002,299,963·73
Liabilities of Customers for Acceptances and Engagements	185,327,225·96
Bank Premises	34,682,873·21
Investments in Affiliations	32,469,045·75
	2,152,785,517·42
LIABILITIES	
Capital Paid up	63,328,990·00
Surplus	63,328,990·00
Deposits	1,840,800,311·46
Acceptances and Engagements	185,327,225·96
	2,152,785,517·42

Together with its affiliations the Midland Bank operates 2360 branches in Great Britain and Northern Ireland, and has offices in the Atlantic Liners *Aquitania, Berengaria* and *Mauretania*. The Foreign Branch Office at 196 Piccadilly, London, is specially equipped for the use and convenience of American visitors in London.

HEAD OFFICE:
5 THREADNEEDLE STREET, LONDON, E.C. 2, ENGLAND

THE STANDARD BANK OF CANADA

52nd Annual Statement, 31st January, 1927

PROFIT AND LOSS ACCOUNT

Cr.		
Balance brought forward, February 1st, 1926		$ 207,892.06
Profits for the year ended January 31st, 1927, after deducting expenses, interest accrued on deposits, rebate for interest on unmatured bills, Provincial and Municipal taxes and making provision for bad and doubtful debts		821,886.71
		$1,029,778.77
Dr.		
Dividend No. 142, paid May 1st, 1926		$ 144,702.00
Dividend No. 143, paid August 1st, 1926		144,702.00
Dividend No. 144, paid November 1st, 1926		144,702.00
Dividend No. 145, payable February 1st, 1927		144,702.00
War Tax on Note Circulation		48,234.00
Reserved for Dominion Income Tax		50,000.00
Contributed to Officers' Pension Fund		35,000.00
Balance carried forward		317,736.77
		$1,029,778.77

GENERAL STATEMENT

31st January, 1927

LIABILITIES

Notes of the Bank in circulation		$ 5,828,130.00
Deposits bearing interest (including interest to date)	$57,822,829.01	
Deposits not bearing interest	14,325,759.12	
		72,148,588.13
Deposits made by other Banks in Canada		1,017,644.17
Balances due to other Banks in Canada		97,338.20
Balances due to Banks and Banking Correspondents elsewhere than in Canada		2,433,256.34
Letters of Credit outstanding		483,460.63
Liabilities not included in the foregoing		244,404.09
Dividend No. 145, payable 1st February, 1927		144,702.00
Former Dividends unclaimed		977.50
Capital Stock paid in		4,823,400.00
Reserve Fund		2,900,000.00
Balance of Profit and Loss Account carried forward		317,736.77
		$90,439,637.83

ASSETS

Current coin held by the Bank		$ 518,153.81
Dominion Notes held		8,530,917.00
Deposits in the Central Gold Reserves		1,400,000.00
Deposit with the Minister for the purposes of the Circulation Fund		250,000.00
Notes of other Banks		509,248.00
United States and other Foreign Currencies		47,492.67
Cheques on other Banks		5,795,556.19
Balances due by Banks and Banking Correspondents elsewhere than in Canada		885,264.07
		$17,936,631.74
Dominion and Provincial Government Securities, not exceeding market value	$10,308,466.45	
Canadian Municipal Securities and British, Foreign and Colonial Public Securities other than Canadian, not exceeding market value	2,858,536.61	
Railway and other Bonds, Debentures and Stocks, not exceeding market value	2,875,648.15	
		16,042,651.21
Call and Short (not exceeding thirty days) Loans in Canada on Bonds, Debentures and Stocks or other Securities of a sufficient marketable value to cover		9,828,838.16
		$43,808,121.11
Loans to Cities, Towns, Municipalities and School Districts		1,717,989.57
Other Current Loans and Discounts in Canada (less rebate of interest) after making full provision for all bad and doubtful debts		39,493,951.95
Non-Current Loans, estimated loss provided for		484,400.74
Mortgages on Real Estate sold by the Bank		263,870.08
Real Estate other than Bank Premises		315,552.93
Liabilities of Customers under Letters of Credit as per contra		483,460.63
Bank Premises, at not more than cost, less amounts written off		3,712,934.31
Other Assets not included in the foregoing		159,356.51
		$90,439,637.83

A. F. WHITE, *President.* N. L. McLEOD, *General Manager.*

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the books and accounts of The Standard Bank of Canada at its Head Office, for the year ended January 31st, 1927, and have been furnished with certified returns from the branches. We have obtained all the information and explanations we have required, and in our opinion all transactions of the Bank which have come under our notice have been within the powers of the Bank.

The Bank's investments and cash on hand at its chief office and certain of its principal branches, were verified by us as at January 31st, 1927.

We certify that, in our opinion, the above general statement of Liabilities and Assets at January 31st, 1927, discloses the true condition of the Bank, and is in accordance with the books of the Bank.

D. McK. McCLELLAND, F.C.A.,
of Price, Waterhouse & Co.
A. B. SHEPHERD, C.A.,
of Peat, Marwick, Mitchell & Co.

Toronto, February 16th, 1927

Balance Needed in Trusts Between Bonds and Stocks

Fourth Article of a Series on Investments Trusts and Their Place in Canada

By MACKENZIE WILLIAMS, of A. E. Ames & Co., Toronto, Copyright, 1927.

In July, 1926, The Financial Times of London published a comparative statistical compilation relating to 21 of the outstanding Scottish investment trusts. The total capitalization of these 21 companies was as follows:

Class of Capital	Amount	%
Deben. Stock, Terminables, Loans, etc.	£15,143,484	48.1
Preference Stock	8,937,498	28.6
Ordinary Stock	7,332,400	23.3
Total	£31,413,378	100.0

From the figures above, it will be observed that the Scottish investment trusts have raised by way of debentures, debenture stock or loans approximately as much as from the preference stock and ordinary stock combined. Roughly this approaches a capital structural set-up of:

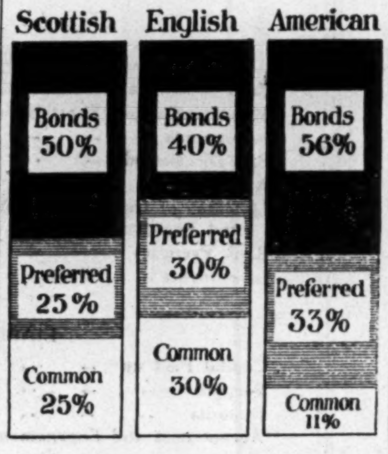
Bonds	50
Preference	25
Ordinary	25
	100

Dividing Up Assets

How a capital structure affects the security of the investor will be better appreciated if we assume a hypothetical case. Assume, first, that all the bonds are secured by the assets of the whole undertaking; second, that the preference stock is secured by the assets after the bonds are satisfied and that the ordinary stock, as is usual, ranks last. If the investment trust sells all its own securities at one time and acquires dollar for dollar of investments, the outstanding investment trust bonds will then have behind them two dollars of securities for each dollar of bonds outstanding. After deducting the amount of the bond issue, there would remain one-half of the total assets. The preference stock would likewise have behind it two dollars of securities for each dollar of preference stock outstanding. After deducting the amount of the preference stock, there would remain for the common stockholders dollar for dollar of investments.

Putting It In Dollars

This will, perhaps, be more clearly perceived if we assume that the total capitalization is $1,000,000 of which $500,000 consists of bonds, $250,000 of preference stock and $250,000 of ordinary stock. If these various issues are sold to realize par, the proceeds, $1,000,000 invested in securities, will be $1,000,000 of assets. As the debentures or bonds have first claim on the assets, the $500,000 of debentures will have behind them $1,000,000 of assets, or 2 to 1. After deducting $500,000 for the bonds, the preference stock will have first claim on the remaining assets, which amount to $500,000 as compared with the preference outstanding of $250,000, which again is a ratio of 2 to 1. After satisfying the preference stockholders dollar for dollar, there remains $250,000 of securities which is dollar for dollar for the ordinary stock outstanding. This might be summarized:



Average division of capitalization of Scottish and English investment trusts and of one typical American trust. The chart shows the security upon which bonds and preferred stock rests.

Hypothetical Capitalization		% of Total	Security
$500,000	Bonds	50%	2 to 1
250,000	Preference	25%	2 to 1
250,000	Ordinary	25%	1 to 1
Capitalization of $1,000,000		100%	.....

English Investment Trusts

From an examination of capitalization of twenty-three of the outstanding English investment trusts, the following figures were derived:

Class of Capital	Amount	% of Total
Bonds, Debentures, Debenture Stock	£21,662,504	41.9
Preference Stock	14,789,231	28.8
Ordinary Stock	15,211,495	29.3
Total	£51,663,231	100.0

Very roughly, to give round amounts, the structural capital set-up of these outstanding English companies, might be said to approach the following:

Bonds outstanding	40
Pref. stock outstanding	30
Ordinary stock outstanding	30
	100

The ratio of securities for the bonds is 100 to 40 or 2½ to 1 for the preference stock after deduction of allowance for amount of bonds, 2 to 1; and for common stock, 1 to 1.

Arrangement of Capital

Or to assume a hypothetical capitalization totalling $1,000,000, the arrangement of the capital structure would be as follows:

English Companies

Hypothetical Capitalization		%	Security
$400,000	Bonds	40%	2½ to 1
300,000	Preference	30%	2 to 1
300,000	Ordinary	30%	1 to 1

A study of the capitalizations of purely investment trust companies organized since 1860 was recently made by Dr. Leland Rex Robinson. He found that the older companies had more bonds outstanding in proportion to their preferred and common stocks than the newer companies. The older companies had, in the main, exhausted their borrowing powers as allowed under their Articles of Association. The results are tabulated as follows:

Period of Organization	No.	Present Ratio of Debentures to total Share Capital
1860-1879	11	57%
1880-1889	36	66 2/3%
1890-1899	12	63%
1900-1909	11	50%
1910-1920	15	38%

The capital structure of the outstanding investment trust of the United States is theoretically as follows:

$100 raised by bonds for every $60 in preferred shares and $20 in common shares.

The calculated security behind the different securities would, therefore, be as follows:

	Proportion	%	Security
Bonds	100	55.55	1 4/5—1
Preference	60	33.33	1 1/3—1
Common	20	11.11	1 —1
	180	99.99	

In addition to the requirement of maintaining the investments at 180 per cent. of the amount of bonds outstanding the trust agreement of this company requires that sufficient collateral be deposited with a trust company, so that the market value of such shall be at all times at 115 per cent.

High Production Recorded By Boot and Shoe Industry

Earlier predictions that 1926 would witness an unusually heavy production of boots and shoes, are now borne out by the preliminary statement of the Bureau of Statistics to the effect that output totalled 18,693,189 pairs, an increase over the output for 1925 of 2,141,390 pairs, or 13 per cent. A feature of the year's activities was the unusually high level of production maintained from month to month. With the exception of January, when the output ran to 1,198,661 pairs, production each month hovered around the 1,500,000 mark.

The increase was undoubtedly brought about by a better domestic demand, as exports, always an unimportant factor, showed a decrease during the past calendar year, as compared with 1925. At the same time imports show a substantial increase, having amounted to 802,744 pair, as compared with 705,361 in the previous year.

Taking the total production and imports, minus exports, the apparent consumption of boots and shoes in Canada last year amounted to 19,361,346, as against 17,146,626 in the preceding year. On a per capita basis, over two pairs were purchased by each man, woman and child in the Dominion last year, as compared with less than two in 1926.

Like Ontario Brewing to Declare Dividend

From Our Own Correspondent.

MONTREAL.—Referring to the issue of shares of the Lake Ontario Brewing Company which was recently underwritten and publicly offered by a syndicate of Montreal investment houses, J. M. Robinson and Sons, investment bankers, in a circular, say:

"We have no hesitation in predicting that this stock will be placed on a dividend basis by June next, at the rate of probably $2 a share annually, equivalent to 8 per cent. per annum on the investment, and there is every reason to believe that profits in the future will be substantial and that increased returns will accrue to shareholders with time. The intention is to make application to have the stock listed promptly, when a broad market will develop."

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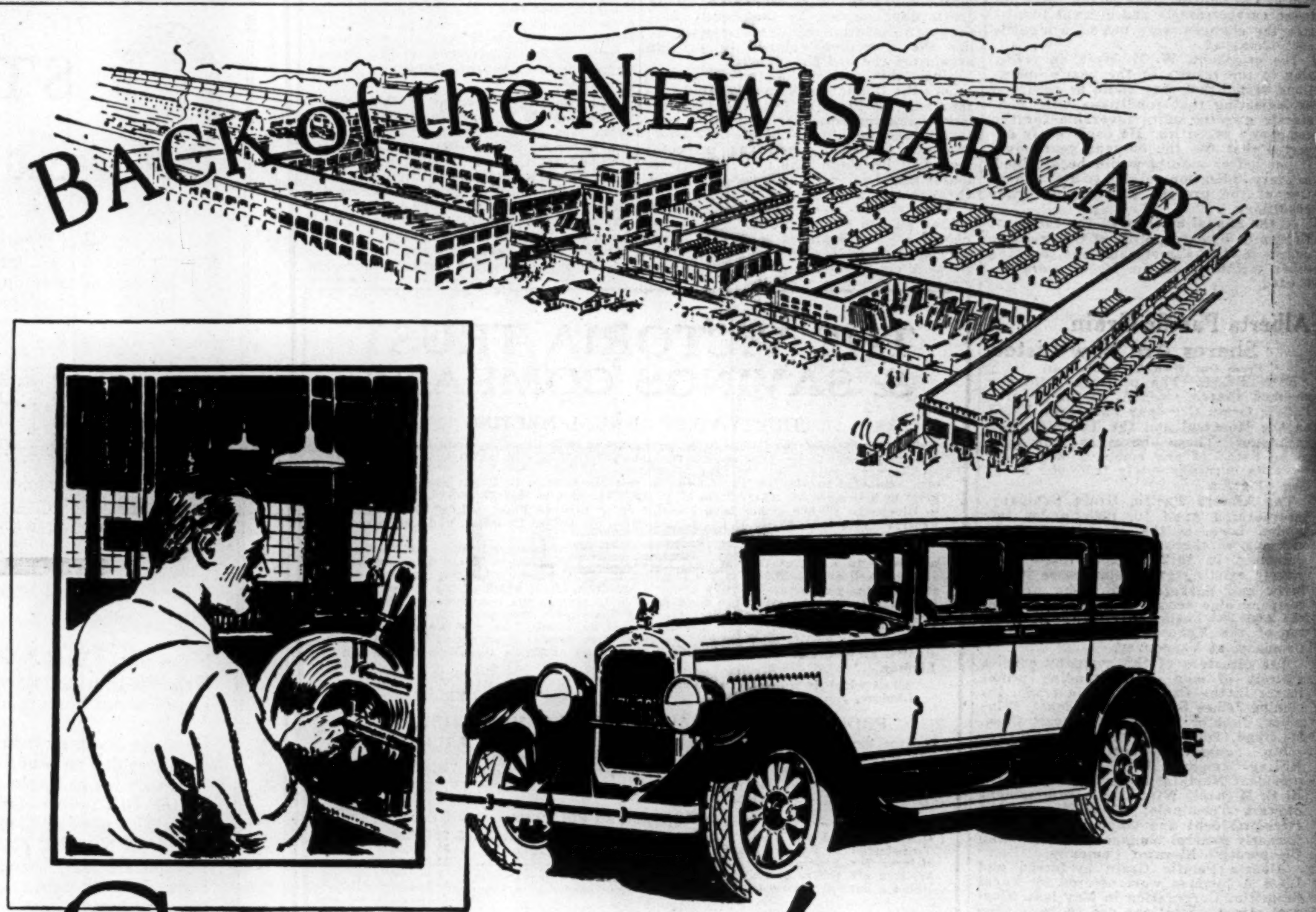
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